CANADA

# DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE RENAUDE LAPOINTE
SPEAKER

## 1978-79
## FOURTH SESSION, THIRTIETH PARLIAMENT
## 27-28 Elizabeth II

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*Parliament was opened on October 11, 1978*

*and was dissolved on March 26, 1979*

Queen's Printer for Canada, Ottawa

80042—A

The Speaker

THE HONOURABLE RENAUDE LAPOINTE

The Leader of the Government

THE HONOURABLE RAYMOND J. PERRAULT, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

## THE MINISTRY

According to Precedence

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At Dissolution, March 26, 1979

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| | |
|---|---|
| The Right Honourable Pierre Elliott Trudeau | Prime Minister. |
| The Honourable Allan Joseph MacEachen | Deputy Prime Minister and President of the Queen's Privy Council for Canada |
| The Honourable Jean Chrétien | Minister of Finance |
| The Honourable Donald Campbell Jamieson | Secretary of State for External Affairs |
| The Honourable Robert Knight Andras | Minister of State and President of the Board of Economic Development Ministers |
| The Honourable Otto Emil Lang | Minister of Transport |
| The Honourable Alastair William Gillespie | Minister of Energy, Mines and Resources and Minister of State for Science and Technology |
| The Honourable Martin Patrick O'Connell | Minister of Labour |
| The Honourable Eugene Francis Whelan | Minister of Agriculture |
| The Honourable W. Warren Allmand | Minister of Consumer and Corporate Affairs |
| The Honourable James Hugh Faulkner | Minister of Indian Affairs and Northern Development |
| The Honourable André Ouellet | Minister of Public Works and Minister of State for Urban Affairs |
| The Honourable Daniel Joseph MacDonald | Minister of Veterans Affairs |
| The Honourable Marc Lalonde | Minister of Justice and Attorney General of Canada |
| The Honourable Jeanne Sauvé | Minister of Communications |
| The Honourable Raymond Joseph Perrault | Leader of the Government in the Senate |
| The Honourable Barnett Jerome Danson | Minister of National Defence |
| The Honourable J. Judd Buchanan | President of the Treasury Board |
| The Honourable Roméo LeBlanc | Minister of Fisheries and the Environment |
| The Honourable Marcel Lessard | Minister of Regional Economic Expansion |
| The Honourable Jack Sydney George Cullen | Minister of Employment and Immigration |
| The Honourable Leonard Stephen Marchand | Minister of State (Environment) |
| The Honourable John Roberts | Secretary of State of Canada |
| The Honourable Monique Bégin | Minister of National Health and Welfare |
| The Honourable Jean-Jacques Blais | Solicitor General of Canada |
| The Honourable Anthony Chisholm Abbott | Minister of National Revenue and Minister of State (Small Businesses) |
| The Honourable Iona Campagnolo | Minister of State (Fitness and Amateur Sport) |
| The Honourable John Henry Horner | Minister of Industry, Trade and Commerce |
| The Honourable Norman A. Cafik | Minister of State (Multiculturalism) |
| The Honourable Gilles Lamontagne | Postmaster General |
| The Honourable John M. Reid | Minister of State (Federal-Provincial Relations) |
| The Honourable Pierre De Bané | Minister of Supply and Services |

# SENATORS OF CANADA

## ACCORDING TO SENIORITY

At Dissolution, March 26, 1979

| Senators | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| Salter Adrian Hayden | Toronto | Toronto, Ont. |
| Norman McLeod Paterson | Thunder Bay | Thunder Bay, Ont. |
| Sarto Fournier | de Lanaudière | Montreal, Que. |
| John J. Connolly, P.C. | Ottawa West | Ottawa, Ont. |
| Donald Cameron | Banff | Banff, Alta. |
| David A. Croll | Toronto-Spadina | Toronto, Ont. |
| Fred A. McGrand | Sunbury | Fredericton Junction, N.B. |
| Donald Smith | Queens-Shelburne | Liverpool, N.S. |
| Harold Connolly | Halifax North | Halifax, N.S. |
| Florence Elsie Inman | Murray Harbour | Montague, P.E.I. |
| Hartland de Montarville Molson | Alma | Montreal, Que. |
| Joseph A. Sullivan | North York | Toronto, Ont. |
| Lionel Choquette | Ottawa East | Ottawa, Ont. |
| John Michael Macdonald | Cape Breton | North Sydney, N.S. |
| Josie Alice Dinan Quart | Victoria | Quebec, Que. |
| Louis Philippe Beaubien | Bedford | Montreal, Que. |
| Allister Grosart | Pickering | Toronto, Ont. |
| Edgar Fournier | Madawaska-Restigouche | Iroquois, N.B. |
| Jacques Flynn, P.C. | Rougemont | Quebec, Que. |
| David James Walker, P.C. | Toronto | Toronto, Ont. |
| Rhéal Bélisle | Sudbury | Sudbury, Ont. |
| Paul Yuzyk | Fort Garry | Winnipeg, Man. |
| Orville Howard Phillips | Prince | Alberton, P.E.I. |
| Maurice Bourget, P.C. | The Laurentides | Lévis, Que. |
| Azellus Denis, P.C. | La Salle | Montreal, Que. |
| Eric Cook | Harbour Grace | St. John's, Nfld. |
| Daniel Aiken Lang | South York | Toronto, Ont. |
| William Moore Benidickson, P.C. | Kenora-Rainy River | Kenora, Ont. |
| Alexander Hamilton McDonald | Moosomin | Moosomin, Sask. |
| Earl Adam Hastings | Palliser-Foothills | Calgary, Alta. |
| Harry William Hays, P.C. | Calgary | Calgary, Alta. |
| Charles Robert McElman | Nashwaak Valley | Fredericton, N.B. |
| Douglas Keith Davey | York | Don Mills, Ont. |
| Jean-Paul Deschatelets, P.C. | Lauzon | Montreal, Que. |
| Hazen Robert Argue | Regina | Kayville, Sask. |
| J. G. Léopold Langlois | Grandville | Quebec, Que. |
| Paul Desruisseaux | Wellington | Sherbrooke, Que. |
| Douglas Donald Everett | Fort Rouge | Winnipeg, Man. |
| Maurice Lamontagne, P.C. | Inkerman | Aylmer, Que. |
| Andrew Ernest Thompson | Dovercourt | Kendal, Ont. |
| Keith Laird | Windsor | Windsor, Ont. |
| Herbert O. Sparrow | Saskatchewan | North Battleford, Sask. |
| Richard James Stanbury | York Centre | Toronto, Ont. |
| William John Petten | Bonavista | St. John's, Nfld. |
| Raymond Eudes | de Lorimier | Montreal, Que. |
| Louis de Gonzague Giguère | de la Durantaye | Montreal, Que. |
| Ernest C. Manning, P.C. | Edmonton West | Edmonton, Alta. |
| Gildas L. Molgat | Ste. Rose | St. Vital, Man. |

| Senators | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| Eugene A. Forsey | Nepean | Ottawa, Ont. |
| William C. McNamara | Winnipeg | Winnipeg, Man. |
| Paul C. Lafond | Gulf | Hull, Que. |
| Ann Elizabeth Bell | Nanaimo-Malaspina | Nanaimo, B.C. |
| Edward M. Lawson | Vancouver | Vancouver, B.C. |
| H. Carl Goldenberg | Rigaud | Westmount, Que. |
| George Clifford van Roggen | Vancouver-Point Grey | Vancouver, B.C. |
| Sidney L. Buckwold | Saskatoon | Saskatoon, Sask. |
| Renaude Lapointe (Speaker) | Mille Isles | Montreal, Que. |
| Mark Lorne Bonnell | Murray River | Murray River, P.E.I. |
| Guy Williams | Richmond | Richmond, B.C. |
| Michel Fournier | Restigouche-Gloucester | Pointe Verte, N.B. |
| Frederick William Rowe | Lewisporte | St. John's, Nfld. |
| George James McIlraith, P.C. | Ottawa Valley | Ottawa, Ont. |
| Margaret Norrie | Colchester-Cumberland | Truro, N.S. |
| Henry D. Hicks | The Annapolis Valley | Halifax, N.S. |
| Bernard Alasdair Graham | The Highlands | Sydney, N.S. |
| Martial Asselin, P.C. | Stadacona | La Malbaie, Que. |
| Joan Neiman | Peel | Caledon East, Ont. |
| Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver, B.C. |
| John Morrow Godfrey | Rosedale | Toronto, Ont. |
| Maurice Riel | Shawinigan | Westmount, Que. |
| Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint Antoine, N.B. |
| Daniel Riley | Saint John | Saint John West, N.B. |
| Augustus Irvine Barrow | Halifax-Dartmouth | Halifax, N.S. |
| Ernest George Cottreau | South Western Nova | Yarmouth, N.S. |
| George Isaac Smith | Colchester | Truro, N.S. |
| Jack Austin | Vancouver South | Vancouver, B.C. |
| Paul Lucier | Yukon | Whitehorse, Yukon. |
| Jean Marchand, P.C. | de la Vallière | Quebec, Que. |
| David Gordon Steuart | Prince Albert-Duck Lake | Regina, Sask. |
| Pietro Rizzuto | Repentigny | Laval sur le Lac, Que. |
| Willie Adams | Northwest Territories | Rankin Inlet, N.W.T. |
| Horace Andrew (Bud) Olson, P.C. | Alberta South | Iddesleigh, Alta. |
| Royce Frith | Lanark | Perth, Ont. |
| Peter Bosa | York-Caboto | Etobicoke, Ont. |
| Duff Roblin, P.C. | Red River | Winnipeg, Man. |
| Joseph-Philippe Guay, P.C. | St. Boniface | St. Boniface, Man. |
| Stanley Haidasz, P.C. | Toronto-Parkdale | Toronto, Ont. |
| Florence Bayard Bird | Carleton | Ottawa, Ont. |
| Philip Derek Lewis | St. John's | St. John's, Nfld. |
| Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook, Nfld. |
| Margaret Jean Anderson | Northumberland-Miramichi | Newcastle, N.B. |
| Joseph Napoléon Claude Wagner | Kennebec | Montreal, Que. |

Note: For names of senators who resigned, retired, or died during the Fourth Session of the Thirtieth Parliament, see Index.

# SENATORS OF CANADA

## ALPHABETICAL LIST

At Dissolution, March 26, 1979

| Senators | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| Adams, Willie | Northwest Territories | Rankin Inlet, N.W.T. |
| Anderson, Margaret Jean | Northumberland-Miramichi | Newcastle, N.B. |
| Argue, Hazen | Regina | Kayville, Sask. |
| Asselin, Martial, P.C. | Stadacona | La Malbaie, Que. |
| Austin, Jack | Vancouver South | Vancouver, B.C. |
| Barrow, Augustus Irvine | Halifax-Dartmouth | Halifax, N.S. |
| Beaubien, L. P. | Bedford | Montreal, Que. |
| Bélisle, Rhéal | Sudbury | Sudbury, Ont. |
| Bell, Ann Elizabeth | Nanaimo-Malaspina | Nanaimo, B.C. |
| Benidickson, W. M., P.C. | Kenora-Rainy River | Kenora, Ont. |
| Bird, Florence Bayard | Carleton | Ottawa, Ont. |
| Bonnell, M. Lorne | Murray River | Murray River, P.E.I. |
| Bosa, Peter | York-Caboto | Etobicoke, Ont. |
| Bourget, Maurice, P.C. | The Laurentides | Lévis, Que. |
| Buckwold, Sidney L. | Saskatoon | Saskatoon, Sask. |
| Cameron, Donald | Banff | Banff, Alta. |
| Choquette, Lionel | Ottawa East | Ottawa, Ont. |
| Connolly, Harold | Halifax North | Halifax, N.S. |
| Connolly, John J., P.C. | Ottawa West | Ottawa, Ont. |
| Cook, Eric | Harbour Grace | St. John's, Nfld. |
| Cottreau, Ernest G. | South Western Nova | Yarmouth, N.S. |
| Croll, David A. | Toronto-Spadina | Toronto, Ont. |
| Davey, Keith | York | Don Mills, Ont. |
| Denis, Azellus, P.C. | La Salle | Montreal, Que. |
| Deschatelets, Jean-Paul, P.C. | Lauzon | Montreal, Que. |
| Desruisseaux, Paul | Wellington | Sherbrooke, Que. |
| Eudes, Raymond | de Lorimier | Montreal, Que. |
| Everett, Douglas D. | Fort Rouge | Winnipeg, Man. |
| Flynn, Jacques, P.C. | Rougemont | Quebec, Que. |
| Forsey, Eugene A. | Nepean | Ottawa, Ont. |
| Fournier, Edgar | Madawaska-Restigouche | Iroquois, N.B. |
| Fournier, Michel | Restigouche-Gloucester | Pointe Verte, N.B. |
| Fournier, Sarto | de Lanaudière | Montreal, Que. |
| Frith, Royce | Lanark | Perth, Ont. |
| Giguère, Louis de G. | de la Durantaye | Montreal, Que. |
| Godfrey, John Morrow | Rosedale | Toronto, Ont. |
| Goldenberg, H. Carl | Rigaud | Westmount, Que. |
| Graham, Bernard Alasdair | The Highlands | Sydney, N.S. |
| Grosart, Allister | Pickering | Toronto, Ont. |
| Guay, Joseph-Philippe, P.C. | St. Boniface | St. Boniface, Man. |
| Haidasz, Stanley, P.C. | Toronto-Parkdale | Toronto, Ont. |
| Hastings, Earl A. | Palliser-Foothills | Calgary, Alta. |
| Hayden, Salter A. | Toronto | Toronto, Ont. |
| Hays, Harry, P.C. | Calgary | Calgary, Alta. |
| Hicks, Henry D. | The Annapolis Valley | Halifax, N.S. |
| Inman, F. Elsie | Murray Harbour | Montague, P.E.I. |
| Lafond, Paul C. | Gulf | Hull, Que. |
| Laird, Keith | Windsor | Windsor, Ont. |

# SENATORS—ALPHABETICAL LIST

| Senators | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| Lamontagne, Maurice, P.C. | Inkerman | Aylmer, Que. |
| Lang, Daniel A. | South York | Toronto, Ont. |
| Langlois, Léopold | Grandville | Quebec, Que. |
| Lapointe, Renaude (Speaker) | Mille Isles | Montreal, Que. |
| Lawson, Edward M. | Vancouver | Vancouver, B.C. |
| Lewis, Philip Derek | St. John's | St. John's, Nfld. |
| Lucier, Paul | Yukon | Whitehorse, Yukon. |
| Macdonald, John M. | Cape Breton | North Sydney, N.S. |
| Manning, Ernest C., P.C. | Edmonton West | Edmonton, Alta. |
| Marchand, Jean, P.C. | de la Vallière | Quebec, Que. |
| Marshall, Jack | Humber-St. George's-St. Barbe | Corner Brook, Nfld. |
| McDonald, A. Hamilton | Moosomin | Moosomin, Sask. |
| McElman, Charles | Nashwaak Valley | Fredericton, N.B. |
| McGrand, Fred A. | Sunbury | Fredericton Junction, N.B. |
| McIlraith, George J., P.C. | Ottawa Valley | Ottawa, Ont. |
| McNamara, William C. | Winnipeg | Winnipeg, Man. |
| Molgat, Gildas L. | Ste. Rose | St. Vital, Man. |
| Molson, Hartland de M. | Alma | Montreal, Que. |
| Neiman, Joan | Peel | Caledon East, Ont. |
| Norrie, Margaret | Colchester-Cumberland | Truro, N.S. |
| Olson, Horace Andrew (Bud), P.C. | Alberta South | Iddesleigh, Alta. |
| Paterson, Norman McL | Thunder Bay | Thunder Bay, Ont. |
| Perrault, Raymond J., P.C. | North Shore-Burnaby | Vancouver, B.C. |
| Petten, William J. | Bonavista | St. John's, Nfld. |
| Phillips, Orville H. | Prince | Alberton, P.E.I. |
| Quart, Josie D. | Victoria | Quebec, Que. |
| Riel, Maurice | Shawinigan | Westmount, Que. |
| Riley, Daniel | Saint John | Saint John West, N.B. |
| Rizzuto, Pietro | Repentigny | Laval sur le Lac, Que. |
| Robichaud, Louis-J., P.C. | L'Acadie-Acadia | Saint Antoine, N.B. |
| Roblin, Duff, P.C. | Red River | Winnipeg, Man. |
| Rowe, Frederick William | Lewisporte | St. John's, Nfld. |
| Smith, Donald | Queens-Shelburne | Liverpool, N.S. |
| Smith, George I. | Colchester | Truro, N.S. |
| Sparrow, Herbert O. | Saskatchewan | North Battleford, Sask. |
| Stanbury, Richard J. | York Centre | Toronto, Ont. |
| Steuart, David Gordon | Prince Albert-Duck Lake | Regina, Sask. |
| Sullivan, Joseph A. | North York | Toronto, Ont. |
| Thompson, Andrew | Dovercourt | Kendal, Ont. |
| van Roggen, George | Vancouver-Point Grey | Vancouver, B.C. |
| Wagner, Joseph Napoléon Claude | Kennebec | Montreal, Que. |
| Walker, David, P.C. | Toronto | Toronto, Ont. |
| Williams, Guy | Richmond | Richmond, B.C. |
| Yuzyk, Paul | Fort Garry | Winnipeg, Man. |

# SENATORS OF CANADA

## BY PROVINCES

At Dissolution, March 26, 1979

## ONTARIO—24

| | Senators | Designation | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Salter Adrian Hayden | Toronto | Toronto. |
| 2 | Norman McLeod Paterson | Thunder Bay | Thunder Bay. |
| 3 | John J. Connolly, P.C. | Ottawa West | Ottawa. |
| 4 | David A. Croll | Toronto-Spadina | Toronto. |
| 5 | Joseph A. Sullivan | North York | Toronto. |
| 6 | Lionel Choquette | Ottawa East | Ottawa. |
| 7 | Allister Grosart | Pickering | Toronto. |
| 8 | David James Walker, P.C. | Toronto | Toronto. |
| 9 | Rhéal Bélisle | Sudbury | Sudbury. |
| 10 | Daniel Aiken Lang | South York | Toronto. |
| 11 | William Moore Benidickson, P.C. | Kenora-Rainy River | Kenora. |
| 12 | Douglas Keith Davey | York | Don Mills. |
| 13 | Andrew Ernest Thompson | Dovercourt | Kendal. |
| 14 | Keith Laird | Windsor | Windsor. |
| 15 | Richard James Stanbury | York Centre | Toronto. |
| 16 | Eugene A. Forsey | Nepean | Ottawa. |
| 17 | George James McIlraith, P.C. | Ottawa Valley | Ottawa. |
| 18 | Joan Neiman | Peel | Caledon East. |
| 19 | John Morrow Godfrey | Rosedale | Toronto. |
| 20 | Royce Frith | Lanark | Perth. |
| 21 | Peter Bosa | York-Caboto | Etobicoke. |
| 22 | Stanley Haidasz, P.C. | Toronto-Parkdale | Toronto. |
| 23 | Florence Bayard Bird | Carleton | Ottawa. |
| 24 | .... | .... | .... |

## QUEBEC—24

| | Senators | Electoral Division | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Sarto Fournier | de Lanaudière | Montreal. |
| 2 | Hartland de Montarville Molson | Alma | Montreal. |
| 3 | Josie Alice Dinan Quart | Victoria | Quebec. |
| 4 | Louis Philippe Beaubien | Bedford | Montreal. |
| 5 | Jacques Flynn, P.C. | Rougemont | Quebec. |
| 6 | Maurice Bourget, P.C. | The Laurentides | Lévis. |
| 7 | Azellus Denis, P.C. | La Salle | Montreal. |
| 8 | Jean-Paul Deschatelets, P.C. | Lauzon | Montreal. |
| 9 | J. G. Léopold Langlois | Grandville | Quebec. |
| 10 | Paul Desruisseaux | Wellington | Sherbrooke. |
| 11 | Maurice Lamontagne, P.C. | Inkerman | Aylmer. |
| 12 | Raymond Eudes | de Lorimier | Montreal. |
| 13 | Louis de Gonzague Giguère | de la Durantaye | Montreal. |
| 14 | Paul C. Lafond | Gulf | Hull. |
| 15 | H. Carl Goldenberg | Rigaud | Westmount. |
| 16 | Renaude Lapointe (Speaker) | Mille Isles | Montreal. |
| 17 | Martial Asselin, P.C. | Stadacona | La Malbaie. |
| 18 | Maurice Riel | Shawinigan | Westmount. |
| 19 | Jean Marchand, P.C. | de la Vallière | Quebec. |
| 20 | Pietro Rizzuto | Repentigny | Laval sur le Lac. |
| 21 | Joseph Napoléon Claude Wagner | Kennebec | Montreal. |
| 22 | .... | .... | .... |
| 23 | .... | .... | .... |
| 24 | .... | .... | .... |

## NOVA SCOTIA—10

| | Senators | Designation | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Donald Smith | Queens-Shelburne | Liverpool. |
| 2 | Harold Connolly | Halifax North | Halifax. |
| 3 | John Michael Macdonald | Cape Breton | North Sydney. |
| 4 | Margaret Norrie | Colchester-Cumberland | Truro. |
| 5 | Henry D. Hicks | The Annapolis Valley | Halifax. |
| 6 | Bernard Alasdair Graham | The Highlands | Sydney. |
| 7 | Augustus Irvine Barrow | Halifax-Dartmouth | Halifax. |
| 8 | Ernest George Cottreau | South Western Nova | Yarmouth. |
| 9 | George Isaac Smith | Colchester | Truro. |
| 10 | .... | ..... | ..... |

## NEW BRUNSWICK—10

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Fred A. McGrand | Sunbury | Fredericton Junction. |
| 2 | Edgar Fournier | Madawaska-Restigouche | Iroquois. |
| 3 | Charles Robert McElman | Nashwaak Valley | Fredericton. |
| 4 | Michel Fournier | Restigouche-Gloucester | Pointe Verte. |
| 5 | Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint Antoine. |
| 6 | Daniel Riley | Saint John | Saint John West. |
| 7 | Margaret Jean Anderson | Northumberland-Miramichi | Newcastle. |
| 8 | .... | ..... | ..... |
| 9 | .... | ..... | ..... |
| 10 | .... | ..... | ..... |

## PRINCE EDWARD ISLAND—4

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Florence Elsie Inman | Murray Harbour | Montague. |
| 2 | Orville Howard Phillips | Prince | Alberton. |
| 3 | Mark Lorne Bonnell | Murray River | Murray River. |
| 4 | .... | ..... | ..... |

## MANITOBA—6

| | Senators | Designation | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Paul Yuzyk | Fort Garry | Winnipeg. |
| 2 | Douglas Donald Everett | Fort Rouge | Winnipeg. |
| 3 | Gildas L. Molgat | Ste. Rose | St. Vital. |
| 4 | William C. McNamara | Winnipeg | Winnipeg. |
| 5 | Duff Roblin, P.C. | Red River | Winnipeg. |
| 6 | Joseph-Philippe Guay, P.C. | St. Boniface | St. Boniface. |

## BRITISH COLUMBIA—6

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Ann Elizabeth Bell | Nanaimo-Malaspina | Nanaimo. |
| 2 | Edward M. Lawson | Vancouver | Vancouver. |
| 3 | George Clifford van Roggen | Vancouver-Point Grey | Vancouver. |
| 4 | Guy Williams | Richmond | Richmond. |
| 5 | Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver. |
| 6 | Jack Austin | Vancouver South | Vancouver. |

## SASKATCHEWAN—6

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Alexander Hamilton McDonald | Moosomin | Moosomin. |
| 2 | Hazen Robert Argue | Regina | Kayville. |
| 3 | Herbert O. Sparrow | Saskatchewan | North Battleford. |
| 4 | Sidney L. Buckwold | Saskatoon | Saskatoon. |
| 5 | David Gordon Steuart | Prince Albert-Duck Lake | Regina. |
| 6 | | | |

## ALBERTA—6

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Donald Cameron | Banff | Banff. |
| 2 | Earl Adam Hastings | Palliser-Foothills | Calgary. |
| 3 | Harry William Hays, P.C. | Calgary | Calgary. |
| 4 | Ernest C. Manning, P.C. | Edmonton West | Edmonton. |
| 5 | Horace Andrew (Bud) Olson, P.C. | Alberta South | Iddesleigh. |
| 6 | | | |

## NEWFOUNDLAND—6

| | Senators | Designation | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Eric Cook | Harbour Grace | St. John's. |
| 2 | William John Petten | Bonavista | St. John's. |
| 3 | Frederick William Rowe | Lewisporte | St. John's. |
| 4 | Philip Derek Lewis | St. John's | St. John's. |
| 5 | Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook. |
| 6 | .... | ..... | ..... |

## NORTHWEST TERRITORIES—1

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Willie Adams | Northwest Territories | Rankin Inlet. |

## YUKON TERRITORY—1

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Paul Lucier | Yukon | Whitehorse. |

# THE SENATE

## OFFICERS AND CHIEFS OF PRINCIPAL BRANCHES

| | |
|---|---|
| Clerk of the Senate and Clerk of the Parliaments | Robert Fortier, Q.C., B.A., LL.B. |
| Law Clerk and Parliamentary Counsel | R. L. du Plessis, Q.C., B.A., LL.L. |
| First Clerk Assistant | |
| Gentleman Usher of the Black Rod | A. G. Vandelac, M.C., C.D. |
| Director of Administration and Personnel | J. Walter Dean |
| Editor of Debates and Chief of Reporting Branch | T. S. Hubbard |
| Director of Committees | Flavien J. Belzile, B.A. |
| Chief of Minutes and Journals (English) | |
| Chief of Minutes and Journals (French) | Miss Madeleine Ouimet |
| Assistant Gentleman Usher of the Black Rod | Charles H. E. Askwith |

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## REPORTING BRANCH

| | |
|---|---|
| Editor of Debates and Chief of Reporting Branch | T. S. Hubbard |
| Assistant Chief of Reporting Branch | G. R. Baker |
| Associate Editor and Senior Reporter, English | H. D. Griffith |
| Associate Editor and Senior Reporter, French | J. R. Langlois |
| Reporters | Aurèle Chénier,<br>W. J. Culleton, G. K. Hubbard,<br>D. L. Sellers,<br>L. R. Powis, H. C. Warburton,<br>Maurice Bolduc, N. C. Keeley,<br>Miss K. M. Olszewska,<br>B. C. Keeley, R. Johansson. |

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## TRANSLATORS

### Department of Secretary of State

| | |
|---|---|
| Director, Special Operations | Roch Blais |
| Chief, Parliamentary Translations | André Audette |
| Chief of Debates | Mireille Couillard |

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## LIBRARY OF PARLIAMENT

| | |
|---|---|
| Parliamentary Librarian | Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S. |
| Associate Parliamentary Librarian | Gilles J. C. Frappier, B.A., B.Ph., B.L.S. |

# THE SENATE

**Wednesday, October 11, 1978**

## OPENING OF FOURTH SESSION

## THIRTIETH PARLIAMENT

Parliament having been summoned by Proclamation to meet this day for the dispatch of business:

The Senate met at 3.00 p.m., the Speaker in the Chair.

Prayers.

### COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

**The Hon. the Speaker:** Honourable senators, I have received the following communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

October 11, 1978

Madam:

I have the honour to inform you that His Excellency the Governor General will arrive at the main entrance of the Parliament Buildings at 2.45 p.m. on this day, Wednesday, the 11th of October 1978, and when it has been signified that all is in readiness, will proceed to the Chamber of the Senate to open formally the Fourth Session of the Thirtieth Parliament of Canada.

I have the honour to be,
Madam,
Your obedient servant,
Esmond Butler
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

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## SPEECH FROM THE THRONE

At 3 p.m. His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their Speaker, His Excellency was pleased to open the Fourth Session of the Thirtieth Parliament of Canada with the following speech:

*Honourable Members of the Senate:*

*Members of the House of Commons:*

I have the honour to welcome you to the Fourth Session of the 30th Parliament of Canada.

During the course of the past summer Her Majesty The Queen came to visit Newfoundland and Saskatchewan, and to open the Commonwealth Games. She joined all Canadians in congratulating the thousands of volunteer workers who helped make the Games so successful, and with all of us she applauded the remarkable achievements of Canadian athletes at Edmonton.

The Duke of Edinburgh visited British Columbia as well, where His Royal Highness took part in the two hundredth anniversary observance of Captain Cook's voyage to the Pacific Coast.

My wife and I paid an official visit to the King and Queen of Spain, who welcomed us most hospitably. Through us, Spain expressed its friendship and high regard for all Canadians.

As the end of my term of office approaches, my wife and I would like to thank parliamentarians and the people of Canada for the respect and affection which they have extended to us on countless occasions over the years.

We wish also to express our love for Canada. A great country is not created without difficulty, but to see it develop and grow stronger despite every obstacle has been for us a source of great joy and pride. Our faith in the future of Canada is stronger than it has ever been.

### I: *Urgent Action Needed*

Parliament begins today a new Session which will concentrate upon Canada's two most pressing needs. They are the strengthening of our economy, and the renewal of our federation.

Those two inseparable imperatives are different expressions of the same goal: to strengthen Canada through unity: to unify Canada through economic strength.

Seldom in the past have the seriousness of the challenge, the strength of our national will, and the scope of our opportunities combined to create for Canada a moment in history so full of potential for good. Such a moment, if ignored, may not soon come again. That is one reason why you should approach your task with urgency.

Another is the legitimate expectation of the people of Canada in these difficult times. They expect their Parliament to respond to their most urgent needs with insight, with action, and with a minimum of delay.

You will therefore be asked to focus your efforts upon the priority areas of the economy and the renewal of the federation.

To that end, the Government has prepared over the past few months a detailed plan of action. It is designed to increase confidence in the essential health and potential of the economy, and to strengthen the bonds which unite us in one Canadian community.

## II: *Economic Policy Background*

The economic initiatives announced by the Government in August will intensify the assault upon unemployment and inflation.

Those initiatives will further restrain government spending, stimulate economic growth, and give more assistance to those in need. They carry forward commitments made by the Government in 1976 with the publication of *The Way Ahead.* Many of those commitments were endorsed by the First Ministers' Conference in February of this year.

First Ministers agreed to help the private sector to lead the way toward accelerated economic growth. They also reached agreement on important medium-term economic objectives.

In July of this year, Canada was a participant in the Bonn Summit Conference. There the leaders of the major industrialized countries of the free world planned a co-operative strategy against inflation, unemployment and slow growth.

Canada pledged at Bonn to do its part to restore vitality to the Canadian and world economies. After the conference, that pledge was transformed into action in a series of policy announcements.

They require action on two fronts. The first requirement is to further reduce the growth rate of federal spending.

The second is to pare down or eliminate many worthwhile but low-priority programs, in order to free the dollars necessary for a serious assault upon high-priority goals. These goals are to stimulate industrial expansion, put more Canadians back to work, and further protect from the impact of inflation those who are least able to protect themselves.

## III: *Expenditure Restraint*

Let us examine the first of these requirements, restraint in government spending. To achieve sustained progress in the battle against inflation, the Government believes it is absolutely essential for Canadians to practise restraint in their price and income demands. The Government is also aware of its own responsibilities. Expenditure restraint has been a central theme of federal policy and practice since October, 1975. It was reinforced by the First Ministers' joint commitment in February to contain government spending below the trend growth rate of the Gross National Product.

In August, the Government set itself a more ambitious restraint objective. Planned federal spending this fiscal year will be reduced by five hundred million dollars, and next year's projected spending will be reduced by two billion dollars. As a result, the projected rate of expenditure growth during the next fiscal year is 8.9 percent. That is well below the forecast growth of 11 percent for the GNP.

The objectives of imposing more severe restraint on government spending are two.

The first is to encourage a more vigorous expansion of the private sector by reducing governments' share of the nation's wealth.

The second is to create a leaner and more efficient government, by making every tax dollar do more work. The Government is committed to reducing the size of the federal public service. You will be asked to approve amendments to the Public Service Superannuation Act, designed to ensure that public service pensions are in line with the level of contributions.

The Government is committed to continued wage restraint in the public sector. You will be asked to approve amendments to the Public Service Staff Relations Act to ensure that compensation in the federal public service remains in step with the private sector, and does not lead the way.

You will also be asked to enact legislation making the Post Office a Crown Corporation, with a view to making postal services more efficient and responsive to public needs.

Because such a large portion of the federal budget is dedicated to transfer payments to the provinces, no large-scale restraint program could be successful without their co-operation. The Government intends to negotiate reductions which will cause a minimum of difficulty for provincial governments.

You will be asked to consider amendments to the National Housing Act, the Unemployment Insurance Act, and other legislation in order to give effect to the program of expenditure restraint.

## IV: *Shifting Dollars To Priority Needs*

The second major requirement is to transfer funds from lower-priority to high-priority goals. They are industrial expansion, job creation, and more assistance for those in need.

Providing those additional resources within the context of budgetary restraint is a most difficult and painful exercise. Worthwhile programs serving real needs must be cut back if the money is to be found for more pressing requirements.

By cutting back programs in virtually every department, the Government intends to channel one billion dollars into programs of economic and social development.

In the area of economic development, the Government's recent proposals are intended to build upon its earlier initiatives to promote job creation, stimulate private sector growth,

and encourage industrial innovation. Those initiatives included the April budget, which cut sales taxes in co-operation with the provinces, and provided a stimulus to non-conventional oil development.

Other measures were announced during June and July to encourage energy conservation and the development of renewable energy sources; to stimulate research and development; and to assist small businesses.

Now the Government proposes to devote more resources to the promotion of industrial development in 1979-80.

The primary objective is to help establish an economic climate which is conducive to private sector growth, particularly in the areas of high technology industries, regional development, and the promotion of exports. Additional assistance will be provided for tourism and for the resource and ship-building industries.

Excessive government intervention in the economy should be greatly reduced over time by initiatives to eliminate duplication between federal and provincial programs and to simplify regulatory and reporting systems.

An important element among the Government's proposed new industrial development priorities is an increase in support for major capital projects in manufacturing, energy and transportation.

The major thrust of the Government's employment strategy is to encourage the creation of permanent jobs in the private sector. Special emphasis is being placed on the training and job placement of young Canadians.

In this new Session, the Government will take action to increase support for the training of an adequate supply of skilled labour and to assist labour market mobility.

The Government also proposes to introduce major changes in the Unemployment Insurance Program. These changes would achieve a substantial reduction in the cost of the program. They are intended to minimize any negative effects which the program may have on the incentive to work, or on the labour supply.

The proposed adjustments would make the program more selective in its coverage. They would also put Unemployment Insurance funds to more productive use, partly to finance an expanded Job Experience Training Program for youth. You will be asked to approve amendments to the Unemployment Insurance Act to give effect to these changes.

Other new employment strategy measures will focus upon year-round employment programs for young people. A new Youth Job Corps Program will be created. This and other youth employment programs will benefit from a major increase in funding during this fiscal year.

In the field of social policy, the unfair impact of inflation upon lower-income groups calls for further protection.

The most effective way to protect Canadians against the injustices of inflation is to continue to act vigorously to bring inflation down. This requires the co-operation of everyone, and takes time. But the poor cannot wait for that. Nor can lower-income parents with children to support, nor elderly pensioners. We must give them additional help now because their need is urgent.

The Child Benefits System has therefore been redesigned. Family allowance payments will be set at a base rate of $20 per month per child for 1979, so that more aid can be provided to those whose need is greatest. The base rate will be indexed in line with the cost of living after 1979.

Funds saved through this process will be used to provide a yearly payment of $200 per child to mothers in low and middle-income families. Also, there will be an increase of $20 per household in the monthly Guaranteed Income Supplement. This will further protect the elderly from the impact of inflation.

You will therefore be asked to consider amendments to the Family Allowance Act, the Old Age Security Act, and the Income Tax Act.

As an additional anti-inflationary measure, the Government has recently reduced the special excise tax on gasoline by three cents a gallon. Negotiations are under way with the Government of Alberta to defer the one dollar per barrel increase in the price of oil scheduled for January first.

## V: *Renewal of The Federation*

Economic improvement by itself, however, will not guarantee a united country. A renewal of the Canadian federation is equally essential. It was with this conviction that the Government published its proposals for renewal last June in a document entitled *A Time For Action.* Later that month, the Government placed before Parliament the Constitutional Amendment Bill. It was referred to a Special Joint Committee of Parliament as a basis for a full public discussion of constitutional change.

*A Time For Action* affirmed the Government's commitment to four basic principles of renewal: the preeminence of citizens and their freedoms; full respect of native rights; full development of Canada's two major linguistic communities; and the enhancement of our mosaic of cultures. It supported development of the regional economies and the fostering of economic integration, so all in Canada can share the benefits of our country more equally. Finally, it recognized the interdependence of the two orders of government, and urged the clear establishment of their respective roles in a renewed Constitution.

*A Time For Action* stressed the need for a less contentious relationship among the federal and provincial governments, and more effective intergovernmental consultation. Other goals are freedom of action for each government to fulfil its responsibilities, and measures to permit greater accountability by governments to their legislatures and the people who elect them. Also emphasized was the need to help the taxpayers better understand the intergovernmental process; and to provide more effective services at less cost by eliminating wasteful duplication.

The Government therefore proposed to the provincial governments that joint action should begin as soon as possible on the clarification of federal and provincial roles and the elimination of duplication. The Premiers have responded positively. The First Ministers' Conference on the Constitution, now expected to take place at the end of this month, will consider how best to launch this major enterprise.

With respect to the reform of the Constitution, the Government has set out only two fundamental requirements. The new Constitution must provide for Canada to continue as a genuine federation, and it must contain a Charter of Rights and Freedoms, including linguistic rights. The Government has shown its deep concern that real progress toward change soon be achieved, so that uncertainty can be dispelled and unity reinforced. In particular, the Government believes it essential that clear and important progress be made before Quebecers are asked by their provincial government to vote in a referendum about their future.

Because there has been some misunderstanding about two important features of constitutional renewal, the Government wishes to make its position clear once again. The first is the role of the Monarch and the Governor General. The Government's view was and remains that the new Constitution should describe the situation as it exists today in Canada, and the Government is pleased that the provincial premiers expressed the same view during their meeting in Regina. Discussions are already in progress with provincial governments to ensure that the legal drafting conforms to that intention. There is no intention to change or to reduce in any way the role Her Majesty plays.

Secondly, the Government recognizes that the distribution of powers among federal and provincial governments is an essential part of the renewal of the Constitution.

The Government is prepared to begin the study of the distribution of powers at the same time as that of institutions and rights, and to give every aspect of the work a high and urgent priority. Discussions will begin at the meeting of First Ministers later this month.

However, the Government believes that proposals on institutions and rights can be dealt with more rapidly than the distribution of powers, and that action on the former should not be held up if prolonged discussion is needed to settle the latter.

The public hearings of the Task Force on Canadian Unity have provided a valuable forum in which ideas could be brought forward and discussed. The Government is therefore confident that the report of the Task Force will be an important contribution to the process of renewal.

In the course of the present Session, the Government will be introducing in Parliament a revised constitutional bill. With goodwill and flexibility on all sides, and with the shape of Canada's future at stake, the Government is confident that concrete progress will be achieved in the course of this Session.

Neither renewal of the federation nor the maturity of our national structure can be considered complete until the achievement of an amending procedure permits our Constitution to be vested finally and entirely in Canadian hands. In co-operation with the provinces, the Government will again address itself to that question in the new Session.

VI: *Social Responsibility and Openness of Government*

The Government reaffirms its view that a renewal of faith in Canada requires an active and informed Canadian public.

It is therefore intended to continue consultations with business and labour, private interest groups, and other levels of government.

In addition, you will be asked to consider proposals to increase public access to government information.

In the further promotion of open and efficient government, a proposal will be placed before you to provide for the review by Parliament of evaluations by the Government of major programs.

You will also be asked to consider legislation to create a federal Ombudsman.

You will be asked to consider other legislative proposals.

*Members of the House of Commons,*

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by Parliament.

*Honourable Members of the Senate,*

*Members of the House of Commons,*

May Divine Providence guide you in your deliberations.

His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

## RAILWAYS BILL

FIRST READING

**Senator Petten** presented Bill S-1, relating to railways.

Bill read first time.

## SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

**The Hon. the Speaker:** Honourable senators, I have the honour to inform you that His Excellency has caused to be placed in my hands a copy of his Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows:

**Hon. Senators:** Dispense.

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

**Senator Petten** moved, seconded by Senator McDonald:

That the Speech of His Excellency the Governor General, delivered this day from the Throne to the two Houses of Parliament, be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

**Senator Petten** moved, seconded by Senator McDonald:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

## COMMITTEE OF SELECTION

APPOINTMENT

**Senator Petten** moved, seconded by Senator McDonald:

That pursuant to rule 66, the following senators, to wit: the Honourable Senators Bourget, Choquette, Denis, Flynn, Grosart, Inman, Langlois, Macdonald, Perrault, Petten and Quart, be appointed a Committee of Selection to nominate senators to serve on the several select committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

## THE CONSTITUTION

APPOINTMENT OF SPECIAL SENATE COMMITTEE

**Senator Stanbury** moved, seconded by Senator van Roggen, with leave of the Senate and notwithstanding rule 44(1)(d):

That a Special Committee of the Senate, to be known as the Special Committee of the Senate on the Constitution, be appointed to consider and report upon the subject matter of the Bill C-60, intituled: "An Act to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada, and to approve and authorize the taking of measures necessary for the amendment of the Constitution with respect to certain other matters", of the Third Session of the Thirtieth Parliament, or any matter relating thereto;

That the committee have power to engage the services of such counsel, staff and technical advisers and to incur such special expenses as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the committee and to sit during adjournments of the Senate;

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee; and

That, notwithstanding rule 66, the committee be composed of the Honourable Senators Argue, Austin, Barrow, Bosa, Bourget, Connolly (Ottawa West), Flynn, Forsey, Fournier (de Lanaudière), Godfrey, Grosart, Hayden, Lafond, Lang, Lucier, Marchand, Marshall, McElman, Molson, Olson, Petten, Phillips, Rizzuto, Robichaud, Smith (Colchester), Stanbury, Wagner, Williams and Yuzyk.

Motion agreed to.

## RETIREMENT AGE POLICIES

APPOINTMENT OF SPECIAL SENATE COMMITTEE

**Senator Fournier (Madawaska-Restigouche)** moved, seconded by Senator Deschatelets, with leave of the Senate and notwithstanding rule 44(1)(d):

That a special committee of the Senate be appointed to examine and report upon

(a) the existing retirement age policies affecting workers in both the public and private sectors;

(b) the social and economic implications of mandatory retirement based on age alone;

(c) the feasibility of enabling workers, especially elderly citizens, to continue to make a worthwhile contribution to our society through flexible voluntary retirement plans to the extent of their ability and motivation;

(d) the protection for those over sixty-five against age discrimination in all employment areas; and

(e) the need for the maximum co-operation of all levels of government, labour unions, business and the public in respect of existing and future retirement age policies and retirement plans;

That the committee have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the inquiry; and

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, to print such papers and evidence from day to day as may be ordered by the committee, to sit during adjournments of the Senate and to adjourn from place to place in Canada.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, October 12, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 24 of the Northern Canada Power Commission Act, Chapter N-21 and section 75(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. Coca Cola Limited, Regina, Saskatchewan, and the group of its Regina plant employees represented by the Canadian Union of United Brewery, Flour, Cereal, Soft Drink and Distillery Workers, Local 319. Order dated August 31, 1978.

2. The Hydro Electric Commission of the City of Hamilton, Ontario, and the group of its office and outside employees represented by the International Brotherhood of Electrical Workers, Local 138. Order dated September 15, 1978.

3. Corporation of the Town of Prescott, Ontario, and the group of its executive employees. Order dated July 19, 1978.

4. Town of Fort Frances, Ontario, and certain groups of its employees. Orders dated September 19, 1978.

5. Corporation of the City of Vanier, Ontario, and the group of its executive employees. Order dated September 11, 1978.

6. Laiterie Leclerc Ltée., Granby, Quebec, and the group of its Granby employees represented by le Syndicat national des produits laitiers de Granby. Order dated August 11, 1978.

7. St. Joseph's Villa, Dundas, Ontario, and the group of its nurses. Order dated July 14, 1978.

8. Bonar and Bemis Limited, Burlington Multiwall and Machinery Division, Burlington, Ontario, and the group of its Burlington plant employees represented by the Canadian Paperworkers Union, Local 1178. Order dated September 15, 1978.

9. Bell Canada, Montreal, Quebec, and the group of its traffic and dining service employees represented by Communications Union Canada. Order dated August 24, 1978.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting failure to file a compliance report form on the part of the following:

1. Mr. Sydney A. Lerer and Mr. Stanley Borkowitz, Toronto, Ontario. Order dated August 9, 1978.

2. Mr. Durward P. Romahn, New Dundee, Ontario. Order dated August 9, 1978.

Report of Statistics Canada for the fiscal year ended March 31, 1978, pursuant to section 4(3) of the Statistics Act, Chapter 15, Statutes of Canada, 1970-71-72.

Report on Proceedings under the Canada Labour Code Part V (Industrial Relations) for the fiscal year ended March 31, 1978, pursuant to section 170 of the said Code, Chapter L-1, R.S.C., 1970.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Board of School Trustees of School District No. 72 (Campbell River), British Columbia and the group of its school operating staff represented by the Canadian Union of Public Employees, Local 723. Order dated July 14, 1978.

2. Bonar and Bemis Limited, Guelph Smalls Division, Guelph, Ontario, and the group of its Guelph plant employees represented by the Canadian Paperworkers Union, Local 1178. Order dated September 15, 1978.

3. Domglas Inc., Pointe St. Charles, Quebec, and the group of its Pointe St. Charles plant employees represented by the United Glass and Ceramic Workers of North America, Local 206. Order dated September 21, 1978.

4. Domglas Inc., Hamilton, Ontario, and the group of its Hamilton plant employees represented by the United Glass and Ceramic Workers of North America, Local 203. Order dated September 21, 1978.

5. The Corporation of the Borough of Etobicoke, Ontario, and the group of its public health nurses represented by the Ontario Nurses Association, Local 29. Order dated July 12, 1978.

6. Dorr-Oliver Canada Ltd., Orillia, Ontario, (formerly Dorr-Oliver-Long Ltd.) and the group of its plant employees represented by the United Steelworkers of America, Local 4697. Order dated September 25, 1978.

7. Oland's Breweries (1971) Ltd., Halifax, Nova Scotia, and the group of its plant personnel employees represented by the Canadian Union of United Brewery, Flour, Cereal, Soft Drink and Distillery Workers, Local 361. Order dated August 9, 1978.

Copies of Report of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting failure to file a compliance report form on the part of Mr. Gilles Cossette, Montreal, Quebec. Order dated July 19, 1978.

## SPEECH FROM THE THRONE

TERMINATION OF DEBATE ON ADDRESS IN REPLY ON EIGHTH SITTING DAY

**Senator Petten** moved, seconded by Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(i):

That the proceedings on the order of the day for resuming the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Flynn:** I wonder if the Leader of the Government would tell us if the debate on the Speech from the Throne could take eight days to complete. Does he think that we could talk on it for that long?

**Senator Perrault:** Honourable senators, the official opposition has advanced such a bewildering array of counter-proposals in recent months that the debate could well take 30 days.

**Senator Flynn:** For you to reply.

**Senator Perrault:** I earnestly hope that the Leader of the Opposition will attempt to distill the essence of those counter-proposals, and that should take only a short period of time.

Motion agreed to.

## NORTHERN PIPELINE

APPOINTMENT OF SPECIAL SENATE COMMITTEE

**Senator Olson** moved, seconded by Senator Williams, with leave of the Senate and notwithstanding rule 44(1)(d):

That a special committee of the Senate be appointed

(1) to inquire into any matter relating to the planning and construction of the pipeline for the transmission of natural gas from Alaska and Northern Canada described in An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, Chapter 20, Statutes of Canada 1977-78,

(2) to consider, in particular, all reports, orders, agreements, regulations, directions, recommendations and approvals referred to in the said Act, and

(3) to report to the Senate thereon at least once in each session of Parliament during the period of the planning and construction of the pipeline;

That the committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the committee and to adjourn from place to place in Canada; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

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

**Hon. Senators:** Agreed.

**Senator Greene:** Honourable senators, before the motion is voted upon, may I say that I note that the committee only has the right to travel within Canada. If I have read my proceedings correctly, the holdup in this matter is largely the result of the activities of a certain small group of senators in Washington, and, with respect, I am going to suggest to the honourable senator proposing the motion that the committee's terms of reference be expanded to enable its members to travel to Washington, where, through their good offices, they might be able to do some spadework with their fellow American senators, which might be more useful than anything else that could be done.

**Senator Olson:** Honourable senators, I certainly appreciate the suggestion that the committee's powers be expanded. I did think, however, and I believe with some agreement from the members of the previous committee, that if we were to deem such a trip advisable, we should seek special authority from the chamber at that time.

Whether this is permissible or not, I do not know, but I should like to add that the Senate of the United States did in fact pass the energy bill on September 27, and there are people in Canada, including the company involved, Foothills Pipe Lines (Yukon) Ltd., as well as the Northern Pipeline Agency, who have high hopes—justifiably high hopes—that the House of Representatives will deal positively with the bill this week.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 17, 1978, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give a short summary of the business of the Senate for next week.

When we return on Tuesday evening we shall proceed with the Throne Speech debate. I understand that the Honourable Senator Flynn and the Honourable Senator Perrault are scheduled to speak on Tuesday next.

**Senator Flynn:** A great night!

**Senator Petten:** It is expected that we shall be able to hold a meeting of the Committee of Selection on Wednesday or, at the latest, Thursday, of next week, to nominate senators to serve on the several select committees of the Senate during the present session.

Motion agreed to.

• (1410)

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the session.

[*Translation*]

**Hon. Pietro Rizzuto** moved, seconded by Hon. Florence B. Bird:

> That the following Address be presented to His Excellency the Governor General of Canada:
>
> To His Excellency the Right Honourable Jules Léger, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit, holder of the Canadian Armed Forces decoration, Governor General and Commander-in-Chief of Canada.
>
> May it please Your Excellency:
>
> We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada, in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, first I would like to pay a tribute to the Honourable Senator Renaude Lapointe, our distinguished Speaker.

Allow me to congratulate her for her excellent work in this house and for her special way of preserving order with her usual charm and kindness.

[*English*]

I also wish to compliment our leader for the laborious work he performs. I am grateful and thank him for the confidence he has bestowed upon me by permitting me to move this motion for an Address in reply to the Speech from the Throne.

[*Translation*]

Though I have been given, on several occasions, the opportunity to address this house, I can assure you that the honour bestowed upon me today is a source of very great satisfaction and considerable emotions.

I am very happy to see that our government is getting set to take the steps necessary to make our social policies more stringent while increasing our help to those who are in real need of it. It will also endeavour to change our laws in order to fight the abuses we have witnessed in the last few years.

We are all conscious of the fact that our government has made a real effort to help the needy, but we have also been aware that in so doing, in trying to improve the social conditions of the people, we have created a situation in which abuses on every hand are increasing constantly. Now, to remedy the situation, the government must take adequate steps, but these will be efficient only with the cooperation of each and every one.

When I say that the people as a whole must cooperate, I think mainly of businessmen and industrialists who must assume their responsibilities and face the future of our society, and not limit themselves to producing more and more to increase their profits. The same goes for union leaders who, while keeping in mind the interests of our workers, must take into consideration our productivity as well as salary increases.

And so balance would be maintained, the requirements of the marketplace would be met, our goods exported abroad, our natural resources developed while ensuring work to all Canadians, including the young people who must enter the labour market.

I am happy to see that the constitutional changes will be discussed in the weeks to come. We know now, honourable senators, that if the question were put to the people the great majority of them would be in favour of those changes. But when it comes to the division of powers differences arise.

We all have demands, and sometimes very difficult demands to meet. I think we should act with wisdom and moderation so that every individual, every province and every government will be able to protect their rights adequately by taking into consideration all citizens in all areas. I think that is the approach to be taken if we really want to arrive at valid and long term solutions. Otherwise, certain groups would be favoured to the detriment of others and there is a great risk that today's solutions will become tomorrow's problems.

Yes, honourable senators, we have to be proud of our country. We have to be proud of the fact that despite our present problems we can still find in our country social peace, democracy and freedom. So, to preserve that climate of peace and freedom, we have to make sacrifices, we have to make the workers and the leaders of our country aware of the importance of preserving that social peace which is the apanage of justice and understanding. There is no wealth comparable to tranquility, serenity and harmony.

We are aware of the situation that exists in certain countries where the poor do not have anything to eat and where others cannot live serenely for fear of retaliation against themselves or their families. I do not want to dramatize but I think that if we thought about it for a minute we could really appreciate the advantages of our position.

Obviously we too have problems, but with goodwill and ponderation we should certainly find some answers. Indeed the reforms now advocated make Canadians feel protected and considered as first class citizens. But to reach that objective it is obvious that some compromise and sacrifices must be made on both sides.

We cannot ask the Province of Quebec to grant full rights and privileges to the English-speaking minority if major French-speaking minorities in the rest of the country, in Ontario or New Brunswick for instance, are not treated equally. The rights of minorities should not be respected at the expense of the majority. I believe that the fate of Quebec Anglophones does not depend on the Quebec government alone but mainly on the Ontario and New Brunswick governments. Obviously, unless those governments guarantee certain privileges to the French-speaking minority under their jurisdiction, the English-speaking minority in Quebec will be treated on the same basis.

I do not understand some people who stand as fervent champions of French Canadians when they ask for the separation of the Province of Quebec, as they are certainly aware that if they achieve separation they will abandon more than 1,000,000 French Canadians living outside Quebec.

I believe, honourable senators, that we in this house should act as guardians ready to intervene every time the rights of the minority are threatened.

As concerns the reform of the Senate, we should show some wisdom while taking into account the opinion and the demands of the people.

Personally, I partially agree on proposals contained in Bill C-60 concerning the Senate. I would accept that 50 per cent of senators be appointed by the federal government and the other 50 per cent by provinces for a term of ten years. But I entirely disagree with the proposal that senators be appointed by political parties, federal and provincial. In fact, I consider that this procedure would encourage patronage with no regard for the needs of the country and Parliament. You could reply that my proposal holds the same risk. It is true but it is much easier to detect and consequently easier to prevent as it is more limited and easier to identify.

● (1420)

[*English*]

But I persist in believing that the Senate should continue its work, redouble its efforts in its role as guardian of fundamental liberties and promoter of social justice and peace.

[*Translation*]

Allow me, honourable senators, to call upon all the mass media, which will have a very important role to play in the coming months as reporters of the great constitutional debates that we foresee. Their role will be to inform the population, in a constructive way, and to shun the temptation of bias and prejudice, and that goes for the French and English sides alike.

I remain convinced that given co-operation and goodwill on everybody's part, we will preserve the social peace and unity of our country.

I thank you, honourable senators, for the attention you have paid to my brief speech.

[*English*]

**Hon. Florence Bird:** Honourable senators, I am honoured to be asked to second the motion for an Address in Reply to the Speech from the Throne. It is a privilege for which I am grateful and a responsibility which I hope I can fulfil.

I congratulate Senator Rizzuto for his well considered and pertinent analysis of the problems threatening the unity of our country.

This is, I think, a fitting occasion for me to express my satisfaction in being designated to Carleton. I chose Carleton because it was the place of the Honourable Senator Gratton O'Leary. Senator O'Leary and I did not share the same political loyalties, but he was, nonetheless, a valued friend who was always helpful and kind to me. I admired him because he was a first-class working newspaperman, a credit to the fourth estate to which my late husband and I belonged for so many years.

I know, alas, that I can never bring to this historic house the wit and humour, the Irish warmth, and the earthy wisdom of my predecessor. Only in love of our country can I presume to equal him. In that, I am as steadfast as he ever was.

The Throne Speech has outlined a heavy burden of business essential to the good government of our country.

The need for serious retrenchment and spending restraint by the federal government is a harsh necessity. The proposed stern austerity measures must be carried out with efficiency, with courage, and with dispatch, no matter how painful the process may be. For too long Canada has been living beyond her income and, for a nation, as for a family, that can only spell inevitable disaster.

I support the government's decision to transfer funds into programs of economic and social development. I feel strongly that social services designed to assist deprived people in our society must not be reduced. I, therefore, applaud the concrete proposals that have been made by the Minister of National Health and Welfare, the Honourable Monique Bégin. They should help to provide an improved standard of living for many people now living on the edge of poverty. They may also help to keep our economy on an even keel.

The proposed $20 increase in benefits to old age pensioners who are receiving the guaranteed annual income supplement will enable 1,200,000 people to buy a few necessities that they have been forced to do without. Inflation, and especially the high cost of food, has brought real hardship to over half of Canada's old people who rely on the guaranteed income supplement to supply their daily bread. The projected increase

recognizes the principle that it is the responsibility of government to look after those in need.

I also support the proposed indexed family allowance of $20 a month and the introduction of the new refundable tax credit. The tax credit is designed to help Canada's working poor and to give a much better chance in life to a million and a half children who live in poor families. Middle income families will, of course, also be helped.

Eight years ago a guaranteed annual income based on a negative income tax method was recommended as a cushion against deprivation by the Senate Committee on Poverty, which was so splendidly guided by its chairman, the Honourable David Croll. This was also recommended by the Royal Commission on the Status of Women. The GIS was a first step toward a guaranteed annual income for every Canadian, and the proposed refundable tax credit is a second step. No doubt we will continue to move toward that ultimate goal when an increase in the gross national product makes it feasible.

● (1430)

An inevitable advance toward social equity is being made by the proposal to withhold the tax credit from families earning over $26,000 a year. The time has come, whether we like it or not, to apply a means test for some social security services. This has long been done in Scandinavian countries, which have achieved a much higher degree of equity than we have. Here in Canada a means test has always been an unpopular concept, with the result that it has been shunned by politicians. But it must be accepted now on the ground of equity, as the Honourable Monique Bégin wants to do. There are other advantages to the refundable tax credit. It is intended to act as a stimulus to the Canadian economy by giving money to people who will spend it on Canadian goods and services—on housing, clothing, shoes, and so forth—rather than on imported luxuries and trips abroad.

I welcome the government's intention to proceed with constitutional reform. During the past summer, as a member of the Special Joint Committee on the Constitution, I have absorbed the testimony of many informed witnesses and reached a number of well-considered conclusions. It was a relief to hear in the Throne Speech that the government plans to introduce, instead of that ill-conceived Bill C-60, a revised constitutional bill—one which will take into account the recommendations of the Task Force on Canadian Unity as well as, I assume, the excellent report of the earlier Special Joint Committee on the Constitution of Canada, which was tabled in 1972.

Certainly this new document should not be introduced in Parliament until there has been consultation with acknowledged experts in constitutional law and, most important, with people who have had long and practical experience with the work of legislative bodies and their relationship with the administrative and executive arms of government. With all due respect to political scientists, many of them seem to have theories which, though interesting, are often impractical or unsuitable in the light of Canadian history and tradition.

[Senator Bird.]

I hope that in attempting to frame a new Constitution consideration will be given to the evolutionary concept of the constitutional process. A famous decision by the Judicial Committee of the Privy Council referred to this concept in elegantly metaphorical language. I allude, of course, to the famous "persons" case of 1929, in which the Privy Council overruled the Supreme Court decision and declared that women are persons and so are eligible to sit in the Senate.

When Britain's Lord Chancellor, Lord Sankey, read the decision before the court he made a statement that has particular significance today. He said:

> The British North America Act planted in Canada a living tree capable of growth and expansion within its natural limits. The object of the Act was to grant a Constitution to Canada.

Lord Sankey then quoted Sir Robert Borden's famous comment:

> Like all written constitutions it has been subject to development through usage and convention.

Honourable senators, it seems to me essential that the opportunity for future evolution be preserved by avoiding an excess of legislative rigidity. In other words, we must have room for the political as well as the judicial processes to operate.

I hope that in introducing a new bill the government will abandon its timetable for action. Even if the Supreme Court decides that the government has the legal right to act unilaterally, I feel strongly, for the good of the country and especially for the sake of national unity, that it would be neither the part of wisdom nor of statesmen to undertake any action without the approval of the legislatures of the provinces as well as of Parliament. We should not abandon our tradition of parliamentary democracy based on representative government that has served us so well.

In any case, it seems to me that Phases I and II of the program proposed by the government in Bill C-60 put the cart before the horse. Surely the logical way of proceeding would be, first, to reach agreement on an amending formula more flexible and realistic than the present one requiring agreement by all ten of the provinces. In doing that we would bring to an end the pointless charade of having to go to Westminster as we do now. Secondly, agreement should be reached on the distribution of powers between the provinces and the federal government. Thirdly, we should bring about institutional reforms based on our present parliamentary representative democracy and the division of legislative and administrative responsibilities, which has served us so well for so long.

I well realize, honourable senators, that the distribution of powers is a tough and knotty issue. It is good news that the government is now prepared to study this matter at the same time as institutions and rights, but I regret that this study does not have the highest priority, second only to finding an amending formula.

The distribution of powers, more than any other constitutional issue, seems to be responsible for the present winter of our discontent. As we all know, originally, for historical rea-

sons, our federal system was highly centralized. A succession of Privy Council judgments has turned it into one of the most decentralized in the world. Prices, wages, education, health and welfare, housing, resources, rentals, land use planning and much of environmental law have all been put under provincial jurisdiction. Federal spending and federal taxation powers and language rights seem to be the main sources of provincial distemper at the present time, and yet today the serious social and economic problems that we all face together require the maximum of co-operation between the provinces and the federal government.

I wholly support a charter of rights and freedoms being entrenched in the Constitution. It is of utmost importance that our aspirations in regard to human rights be included not only in the federal jurisdiction but also in the jurisdictions of all ten provinces. The federal government and all of the provinces now have human rights acts. However, we need a charter that cannot be tampered with except by the lengthy and thoughtful process that should be involved in constitutional amendment. In drafting such a charter, we should take into consideration the dangers involved in codification and be sure that we don't omit some important matters and include others that will not stand the test of time.

In the last resort, changes in the Constitution will not keep our country together and give us order and good government unless there is a strong will to forswear the present trend toward balkanization with all its evils. If we are to survive as a nation we must cultivate patience, tolerance, understanding and wisdom combined with an indomitable will to compromise and live together in an atmosphere of mutual respect and amity.

Although I approve the general thrust of the Speech from the Throne, I regret that there are certain omissions. It is a pity that the government has not accepted the moderate and sensible recommendation in regard to abortion made by the Royal Commission on the Status of Women.

It is unfortunate too that the Speech does not contain reaffirmation by the government of its intention to provide special programs, not only for youth training but also for women in order to bring them into the mainstream of Canadian life. During this period of economic difficulties and anxiety, we need to recruit all the skills and abilities we can muster. To do that we should develop the potential of people who have hitherto not been given the opportunity or the encouragement they need to make the maximum contribution to our society.

I understand the government's dissatisfaction with the high cost of unemployment insurance and the way some people are misusing it. I am, however, concerned that changes may discriminate against innocent people who have contributed to the fund in good faith and with some sacrifice. I fear that many working wives would be unjustly penalized by suggestions that secondary wage earners in a family be denied regular benefits. Some husbands would, of course, also be penalized since, among many young couples, the wife is often the primary earner. The Unemployment Insurance Commission has never made a study of women claiming regular benefits, and this should certainly be done before any amendments to the act are made.

I have heard rumours, I hope unfounded, that pressure will be brought to bear on the government to deny women the right to maternity benefits. To do that would be a sad retrogression, an abandonment of a well-established principle of social justice. The inclusion of maternity benefits in the act was one of the most carefully considered recommendations of the Royal Commission on the Status of Women. It has been supported wholeheartedly by women's groups throughout the country, by unions, and, of course, by working women who demand the right to have children as well as to contribute to the family income or to pursue a productive and useful career.

● (1440)

The loss to the nation in consumer buying power will be considerable if married women in general, and women on maternity leave in particular, do not receive the benefits they and their employers have paid for. Children will also suffer since many mothers will be forced, by financial need, to go back to work instead of being able to stay at home for 17 weeks while they collect maternity benefits—that is, during the period when a lasting bond of love between an infant and its mother takes place, a most important development for the future happiness and security of a child. Many mothers will have to go back to work, because inflation has made two pay cheques a necessity in most families in order to pay off mortgages, feed the family and buy clothes for the children.

We must be on guard to make sure that, in our efforts to pass corrective legislation, we do not commit an injustice towards deserving people.

In conclusion, I feel impelled, driven by deep concern, to talk about the atmosphere of uncertainty, the lack of self-confidence and the neurotic anxiety prevailing in Canada at this time. The newspaper headlines cry havoc. People are howling, moaning and groaning about the state of the nation. Many wring their hands with despair at the suggestion that they may have to live more simply in order to help less fortunate men and women here at home or in other countries where the need is so great. They blame the government for the unholy combination of unemployment and inflation which is, of course, global and not confined to Canada only. They point with horror at the weakening of our dollar which is inevitably influenced by the weakening American dollar.

I think this attitude of pessimism and gloom is not only deplorably negative but extremely destructive. It is time we snapped out of it. It occurs to me that it might give us a better sense of proportion if we take a short look at what has happened to us in the past.

Between 1914 and 1918, 60,000 of our finest and fittest young men died in the mud of Flanders or were crucified on the wire in no-man's-land, and three times that number came home wounded in body or mind. During those days, Canadians knew the pity and terror of Ypres and Passchendaele, the agony and glory of what happened at Vimy Ridge. Then, too, there was the bitterness and resentment occasioned by the

Conscription Act of 1917. Those were dark and terrible days, but we came through. Is there anything happening here today that compares to what we suffered during the First World War?

Look back again for a minute. In 1933, one out of every five people in the labour force was out of work. In cities, one out of two was without a job. I find it misleading and mischievous when, from time to time, I read or hear that we are in a hopeless state because there are more unemployed in Canada than there were during the depression. In actual numbers that is true. Today about 850,000 people are out of work; in 1933, 826,000 were unemployed. However, these statistics take on a different emphasis when we consider that 45 years ago there were only 7,300,000 people over 14 in the country while today there are 17½ million. Unemployment for all of Canada during the depression amounted to a bit more than 19 per cent of the labour force. Today it is 8½ per cent, but 8½ per cent is, of course, too much and is causing worry and hardship. The Throne Speech indicates that new efforts will be made to increase Canada's productivity so that more jobs will be available. It is proper that we should be worried about unemployment, and the inflation that is so cruel to pensioners and poor people. Nevertheless, the truth is that the difficult times we are going through today bear no resemblance to what happened to us during the great depression.

I was living in Montreal at that time. The streets were full of beggars, and half a dozen times a day men knocked at the door asking for handouts. In the evenings, men lined up in front of the Grey Nuns' for a bowl of soup, or milled around in front of the Anglican Cathedral asking for bread. Men rode on the rods under the railroad cars, or sat in the bitter cold and wind on top of the boxcars, often 40 or 50 men on one car, shunting back and forth across the country in search of jobs that did not exist. Young men finished school with high marks and high hopes, to find they were wanted by no one, that there was nothing for them to do and nowhere for them to go.

And there was drought on the prairies. In 1938, Saskatchewan harvested a pitiful 36 million bushels of wheat which sold at the Lakehead for 68 cents a bushel in terms of the value of the dollar in 1977. Last year our great wheat-growing province produced 467 million bushels, which sold for $4.62 a bushel.

Back in the thirties, a Saskatchewan girl, Anne Marriot, wrote a poem called *The wind our enemy*, which won the Governor General's award. A few lines of it may remind you of those days:

> Wind
> in a lonely laughterless shrill game
> with broken wash-boiler, bucket without
> a handle, Russian thistle, throwing up
> sections of soil.
>
> God, will it never rain again? What about
> those clouds out west? No, that's just dust, as thick
> and stifling now as winter underwear.
> No rain, no crop, no feed, no faith, only
> wind.

Those were dark days for many of us, but we and our institutions of government, our forms of government, survived. We came through.

Let me remind you that at that time there were no universal old age pensions, no Canada Pension Plan, no hospital or medical insurance, no nationwide public assistance, no unemployment insurance, no family allowances. Today, we have all these things to insulate us against suffering and disaster. Why, I ask, honourable senators, do Canadians complain so loudly?

As I meditate about the past my memory brings back to me a Christmas morning in Winnipeg during the Second World War. It was a bright, clear, cold day with hoar frost on the trees turning everything into a beautiful, mysterious fairy land. That was the day we heard that Hong Kong had fallen and the Winnipeg Grenadiers and the Quebec Rifles had been taken prisoner. Can anything we know today match the grief that each day, each week, each month brought to us for six long years? But in those days we believed in ourselves. We had confidence in ourselves and our institutions, and we came through.

After Franklin Roosevelt first became president, he told the American people they had nothing to fear but fear itself. Today I think we have nothing to fear but ourselves. In Charlie Brown's famous phrase, "We have met the enemy and them is us." Our unwarranted lack of confidence in ourselves can, if we don't watch out, bring us to the edge of despair, and I remind you that despair is the most deadly and destructive of sins since it is the antithesis of hope.

The more I think about it the more I realize that Canadians are fortunate among people. It is 66 years since our country was invaded. Bombs have never reduced our cities to flaming rubble as happened to London and Coventry, Hamburg and Hiroshima. We and our children have never been raked by machine gun fire while fleeing from ours homes in terror of the enemy, as happened at Guernica and on the roads of France. Few Canadians have died from starvation, as have millions of people in Africa or Asia. We have never been torn apart by a fratricidal civil war, as has our neighbour to the south. The war between the states turned many a brother against brother, father against son, and wife against husband. It left behind a pall of bitterness that still flares forth from time to time. The south has never forgiven Sherman, even if the north has forgotten him. I would remind honourable senators that Sherman was a general who led his soldiers with a scorched earth strategy across Georgia, from Chattanooga to the sea. May we never have to endure anything as terrible as that.

● (1450)

We are rich. Our standard of living puts us with the top seven richest nations in the world. We have a great cultural inheritance. Our official languages come to us from England and France, two of the most civilized countries of the West. Our society has been constantly refreshed and enriched by

people from many diverse cultures who have come to make their homes and raise their children here.

And, honourable senators, we have this great land. There is a story I have told and written before, but I hope you will bear with me if I tell it again. It is very short. Back in the forties, the late Philias Côté, the member of Parliament for Matapédia-Matane, went out west for the first time. On a clear winter's morning, a friend persuaded him to go to the top of the old Palliser Hotel in Calgary. He looked westward then at the magical moment when the rising sun painted the great white wall of the Rockies with many shades of crimson. Overwhelmed by so much beauty he turned to his friend and said, "This is the most grandiose country that God is ever making."

What had overwhelmed him was, of course, the sudden realization that it was his country that stretched before him. Philias Côté's grammar may not have been of the best, but he communicated, and that is what language is supposed to do.

I know well how he felt. For 30 years I have spent every summer in Quebec beside a small lake in the Gatineau. The nearest neighbour is half a mile away, and there is no other cottage on the lake.

Literally thousands of times I have sat on the veranda during the hours just before sunset, when the wood thrush sings its glorious song, and the heron, after fishing in the shallows of the lake, takes off on huge slow wings to go home for the night. On such summer evenings the air smells of pine and balsam, and pink clouds are reflected in the mirror of the clear water. In those happy hours of peace and tranquility I have often thought, "C'est le pays le plus magnifique que le Bon Dieu a jamais fait." Honourable senators, my French is not very good, but I hope I have communicated with you what I feel.

It is with confidence and hope that I second the motion of Senator Rizzuto for an Address in reply to the Speech from the Throne.

**Senator Flynn:** Honourable senators, I intend to move the adjournment of the debate until the next sitting, but before doing so I must congratulate the seconder of the motion on a most interesting and moving speech. We knew, of course, of Senator Bird's talents, but she has revealed them today in a manner which I am sure we all deeply appreciate.

There is an essential difference between Senator Bird's speech and that of Senator Rizzuto. Senator Bird obviously felt that on an occasion such as this one should endeavour to make a good, substantial speech. Having thus concluded, she was forced to digress from discussing the Speech from the Throne, because there is nothing in it. On the other hand, while Senator Rizzuto's was a very good speech, he felt he had to stick to what is contained in the Throne Speech, and, consequently, it was quite short.

I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until Tuesday, October 17, 1978, at 8 p.m.

# THE SENATE

**Tuesday, October 17, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Department of External Affairs for the year ended December 31, 1977, pursuant to section 6 of the Department of External Affairs Act, Chapter E-20, R.S.C., 1970.

Copies of Summary of Ocean Dumping Permits issued under the authority of the Minister of Fisheries and the Environment for the year ended December 31, 1977, pursuant to section 28(3) of Ocean Dumping Control Act, Chapter 55, Statutes of Canada, 1974-75-76.

Report of operations under the Canada Water Act for the fiscal year ended March 31, 1978, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The City of Dartmouth, Nova Scotia, and the group of its firefighters represented by the Dartmouth Firefighters Association, Local 1398. Order dated August 11, 1978.

2. The Corporation of the Town of Oakville, Ontario, and the group of its firefighters represented by the Oakville Fire Fighters Association, Local 1582. Order dated August 24, 1978.

## INCOME TAX CONVENTIONS BILL

FIRST READING

**Senator Perrault** presented Bill S-2, to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## SAFE CONTAINERS CONVENTION BILL

FIRST READING

**Senator Perrault** presented Bill S-3, to implement the International Convention for Safe Containers.

Bill read first time.

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## CANADA NON-PROFIT CORPORATIONS BILL

FIRST READING

**Senator Perrault** presented Bill S-4, respecting Canadian non-profit corporations.

Bill read first time.

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—FIRST READING

**Senator Perrault** presented Bill S-5, to amend the Canada Business Corporations Act.

Bill read first time.

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## BUSINESS OF THE SENATE

**Senator Flynn:** Honourable senators, the Leader of the Government does not need to worry and look embarrassed. I am not going to ask him a question about yesterday's by-elections. I merely want to ask him about the progress of Bill C-8 in the other place. Does he expect it to come to the Senate tonight, and does he expect us to deal with it and have royal assent before we leave tonight?

**Senator Perrault:** Honourable senators, at the present time there are indications that the other place will have dealt with the measure by 9.15 this evening. There is the possibility then that the bill will be here at some point later this evening. Hopefully, because of the urgency of the situation, it may be possible for honourable senators to deal with all of its stages before we leave this evening. However, this is a matter which I shall be pleased to discuss with the Leader of the Opposition during the course of the evening.

I can say that the members of the loyal opposition in the other place have been very co-operative in efforts to expedite consideration of this measure. However, co-operation must be forthcoming from all elements in the other place and in this chamber to make sure that this bill can become law in the next few hours.

## PRINCE EDWARD ISLAND

PROVINCIAL LIBERAL LEADERSHIP CONVENTION—QUESTION OF PRIVILEGE

**Senator Bonnell:** Honourable senators, I rise on a question of privilege to draw attention to an error in a Toronto newspaper. I have before me a copy of the *Globe and Mail* of Saturday, October 14, 1978.

**Senator Greene:** Shame.

**Senator Bonnell:** Under the heading, "PEI Liberals to elect leader in December," it states:

> Charlottetown (CP)—The governing Prince Edward Island Liberals will hold a leadership convention on December 9 to choose a permanent leader. The new leader would replace former premier Alex Campbell, who resigned on September 19. Finance Minister Bennett Campbell was appointed interim premier and party leader four days after the resignation. Senator Lorne Bonnell has told the party caucus and executive he would run.

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

**Senator Smith (Colchester):** Which way?

**Senator Bonnell:** I wish to inform honourable senators, friends, and the people throughout Canada that the word "not" was left out and that the concluding words should be:

> —he would not run.

I wish to assure you that I will be here in the Senate—

**Senator Steuart:** —for as long as it lasts.

**Senator Bonnell:** —for some time yet, provided my health prevails. I would like to correct the Canadian Press and the *Globe and Mail*. I will not be a contestant for the leadership. I will not be conscripted, and I cannot be drafted.

**Senator Flynn:** A very wise decision.

**Senator Smith (Colchester):** I commend the honourable senator for his discretion and prudence.

• (2010)

## THE CONSTITUTION

IMPACT OF BY-ELECTION RESULTS ON AMENDING LEGISLATION—QUESTION

**Senator Asselin:** Honourable senators, I should like to know if the Leader of the Government thinks the results of the by-elections of yesterday will convince the government not to push forward with Bill C-60 with respect to the abolition of the Senate.

**Senator Perrault:** Honourable senators, as far as the events of yesterday are concerned, as one thinks back to the sequence of events a few months prior to and on the dates of the 1972 and 1974 general elections, one can only believe that the events of yesterday may represent but a temporary aberration in the voting patterns in this country. Perhaps when the supreme election decision faces the Canadian people a few months from now they may re-assess their political judgments.

**Senator Asselin:** The results will be worse.

**Senator Smith (Colchester):** You may get no votes.

**Senator Perrault:** As far as Bill C-60 is concerned, the government has not at any point insisted that it must be presented to Parliament intact for passage at some future date. Bill C-60 and the white paper on the Constitution which preceded it were designed to bring about the kind of vigorous discussion that has in fact taken place over the summer months. A number of excellent ideas have emerged from many directions, including ideas from the opposition parties and the provinces, and I think that ultimately the result may be a very much improved bill.

**Senator Smith (Colchester):** And ideas from senators.

**Senator Perrault:** Indeed.

## GREAT LAKES SHIPPING

STRIKE OF ENGINEERS AND DECK OFFICERS—QUESTION

**Senator McDonald:** I should like to ask the Leader of the Government a question with respect to the Great Lakes shipping strike. I know that all of us across Canada are very concerned about the postal strike, and the answer the Leader of the Government has given us is encouraging. However, many people, especially those in western Canada, have equal if not more concern about the strike of engineers and deck officers on the Great Lakes. Can the Leader of the Government give us any information on whether they will be legislated back to work, or whether this strike can be settled in the very near future through arbitration or some other means?

**Senator Perrault:** The government is very much aware of the urgency and importance of the situation and the need to find a satisfactory resolution of the dispute. I have been informed—and I hope to confirm it very shortly—that Upper Lakes Shipping have in fact now signed an agreement. This company has, I understand, something like 26 vessels out of a

total of 125 involved in the dispute. Negotiations are continuing, and it is hoped that a solution can be found shortly. If further information is available this evening it will be brought to the chamber.

**Senator Argue:** I should like to add my voice to that of Senators McDonald and Perrault. I just want to point out something that I am sure many of you know. The Canadian Wheat Board is daily losing sales because of this tie-up. There is involved, between now and the close of shipping, the shipment of some $450 million worth of grain, so it is very important to the western economy, and to the whole Canadian economy. I am encouraged by the statement of the Leader of the Government, and I am sure he will speak for all senators when he relates this urgency to the government.

**Senator Flynn:** A senator defending regional aspirations and interests.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 12, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

● (2020)

[*Translation*]

**Hon. Jacques Flynn:** Honourable senators, the traditional speech I have to make on the occasion of the debate on the Address in reply to the Speech from the Throne is, from all standpoints as far as I am concerned, the most distressing.

Yesterday's vote did suggest to me that I could have dispensed with participating in this debate. After all, the people spoke. They gave their opinion of the Speech from the Throne and the government's policy. But in any case that vote—and this will please my friend Senator Denis—will have shortened my comments, perhaps not enough, but yet shortened them. It will also have toned them down because, you know me, I never like to hit someone who is down. You know my very kind nature.

**Senator Langlois:** Angelical.

**Senator Flynn:** Yes, angelical—I readily accept Senator Langlois' suggestion.

In any case, we are beginning a session that should not be taking place. I believe the government will say with hindsight that it should never have taken place.

Every cloud has a silver lining. So I take consolation in the fact that last session—yes, the last one, I imagine—of this Parliament will have given their Excellencies the Governor General and Madame Léger another opportunity to come and meet Parliament before the end of their term in office. This also gives me an opportunity to extend to them on behalf of the official opposition our sincere compliments and our gratitude for the admirable, even courageous, way in which they discharged their difficult and delicate responsibilities. We wish them well on the eve of their departure from Rideau Hall for a well-deserved and, hopefully, very happy retirement.



The other consolation, of course, will be the fact that this session will have extended the term of the Honourable Renaude Lapointe. Last year at the beginning of the previous session when rumors of an election in the fall of 1977 had just been dissipated, she heard the same reaction from me. I would like to offer her our compliments and the assurance of our full co-operation.

The other night I had an opportunity to make a few comments about the speeches of the mover and the seconder of the Address in reply to the Speech from the Throne, and I repeat them again—my congratulations on a job well done in rather trying circumstances.

I wrote those comments only this morning following the events yesterday, because if I had done so earlier, they could have been irrelevant.

I asked myself what was the appropriate thing to say under the circumstances. If conditions had been normal, as they were last year or two years ago, I would have spoken directly about the measures described in the Speech from the Throne with regard to the economic and political conditions in the country. I will, of course, allude to those matters, taking into consideration the non-confidence vote that the government has received from almost one million electors. It is indeed a post-mortem of the defeat which it has just suffered and I would like to outline a few particulars.

Generally speaking, I would say that the government was told by the electors of fifteen constituencies throughout Canada that they are tired of its clumsy and off-handed dealings with Canadians and the way it tackles the serious problems now arising.

Let us consider first the attitude of the government towards Canadians. It has taken a cavalier attitude. Indeed for over a year, we have been facing the prospect of a general election which will probably be held only in the spring of 1979 and perhaps later as I will explain in a few minutes.

We remember that the government was on the verge of calling an election last fall and indicated afterwards that it would be held last spring. Remember the situation that prevailed in Parliament before the Easter recess. We were being pushed, we were being told: hurry up, pass the legislation, so that an election can be held in June. Then at some point, in May if I am not mistaken, the election was postponed because of a poll that did not favour the government. There was talk then of a July or early September election. With that in mind, the government tabled in early June their white paper and Bill C-60 dealing with constitutional reform. There was a clear intention to provide an election issue designed to draw the people's attention away from serious economic problems and the government's clumsiness in dealing with them.

Then came another poll that was also unfavourable. Maybe then the election should be postponed until October or early November.

Mr. Trudeau went to Bonn and on his way back he announced an economic and administrative program that had all the makings of an electoral platform for the coming fall. If this was not the case, you must readily admit at least implicitly if not openly, the program would have been announced in the Throne Speech of a session that could have started a number of weeks ago.

Then came another poll, in late August or early September, and the Liberal prospects became more dismal still. Once more the election was postponed and this time as it should, if anything goes as it should with this government, to the spring of 1979.

The Prime Minister who, on March 1, 1978, had announced for October 16 a number of by-elections which had made everybody laugh at the time since, evidently, they were to be preceded by a general election because of the time lapse between the announcement date and the expected date, that is, 7½ months later, decided early in September to add some other by-elections.

He was looking for some sort of more precise opinion poll in typical areas of Canada, especially Toronto. Of course, Toronto was a trouble spot for the government. We know the result. Interviewed last night, the Prime Minister stated he will spend the next six months convincing the people that his leadership is needed, that the measures he is now proposing are effective, in the belief clearly stated indeed by the government leader earlier that the Liberal Party is the only one capable of saving and managing Canada.

If, in the spring of 1979, public opinion should still be against him, can we not believe that he could prolong the delay and put back the date of the elections until the fall of 1979 since, technically, he is entitled to do so. Moreover,by carrying this joke as far as it will go, and since this Parliament can go on until July 31, 1979, there is nothing to force the Prime Minister to call elections since he only has to ensure that a new Parliament will be elected during the year so that there will be a new session within one year of the session which has just begun, and we could therefore have general elections only in the summer of 1980.

There is no doubt that the Prime Minister has abused his discretionary power—and I should say his overly discretionary power—to call elections when he feels like it. He has kept Canadians on tenterhooks for so long that they have seized the first opportunity to let him know that they do not appreciate an attitude which virtually equals contempt towards them.

In passing, this discretionary power of the Prime Minister to call elections should certainly be examined, and restricted if need be, while we are studying proposals for a new Constitution.

I have just talked about the attitude of the government towards the general public.

The successive postponements of general elections are an insult not only for the population but also for Parliament. How can Parliament, and especially the House of Commons, operate with this sword of Damocles hanging over its head?

We must admit that the Prime Minister has never shown much admiration or understanding for the House. He does not really appreciate debate. Members of Parliament, as indeed any opposition to his views, often make him lose patience. The announcement of his economic program on his return from Bonn, which should have been made in a Speech from the Throne and before Parliament, also shows what little respect he has for this institution. As for his views about the Senate, I shall come back to this later on.

At this stage, there is no need to do anything more to convince you that he is not very interested, or at least favourably impressed, by what goes on in this assembly.

[*English*]

Honourable senators, I have given my analysis of the attitude of the government toward the population and Parliament—an attitude which I can only describe as sheer contempt. Let us look at the way in which the government has dealt with the question of a new Constitution for Canada. As I mentioned, the government, at the beginning of June, tabled its white paper entitled *A Time for Action: Toward the Renewal of the Canadian Federation;* and introduced Bill C-60.

A time for action! Was it really a time for action with a general election looming on the horizon? Was it a time for action given a government then four years old? More particularly, was it the way to act for the government to say that it intended to proceed unilaterally on Phase I, setting as a deadline July 1, 1979? Was it a way to act when, on Phase II, it also threatened to proceed unilaterally if no agreement were reached with the provinces by July 1981?

Perhaps honourable senators will ask where I find this intention. Clause 125 of the bill, and others following, set out that the mere adoption of Bill C-60 would constitute an Address to Westminster to pass legislation bringing Phase II into force and patriating the Constitution, even with no amending formula having been agreed upon and without any agreement on the part of the provinces.

● (2030)

Of course, the joint committee was quick to point out that legally it was very doubtful whether Parliament had the right to move unilaterally on Phase I, and the government was forced to refer the matter to the Supreme Court.

But even if the Supreme Court were to rule that the government was right on a legal basis, the intention to proceed unilaterally was extremely dangerous on the political level, as was shown by the unanimous protest of the premiers in Regina.

The debate on this question has forced the government to back away from its orginal plan of action, and the Speech from the Throne now speaks of a revised bill and speaks of goodwill and flexibility on all sides—and when it says "on all sides" I suppose that would include its own side.

The government is now apparently prepared to wait, before introducing constitutional proposals, for the outcome of the scheduled conference of first ministers, and even for a report

from the Pepin-Robarts Commission. However, in the meantime, the government has irritated provincial governments and many segments of the population. In this exercise the government has shown the same lack of flexibility as it has in so many other areas. It has shown contempt for the provinces and for Parliament.

We can only hope that the new attitude which the government promises to adopt will clear the air and provide a more favourable climate for a renewal of the federation, a climate devoid of the obvious electoral objectives inherent in Bill C-60 and the explanatory documents which accompanied it.

One last word in this chapter.

In the Speech from the Throne, the government repeats something that was in the white paper entitled, *A Time for Action,* and I quote:

> In particular, the government believes it essential that clear and important progress be made before Quebecers are asked by their provincial government to vote in a referendum about their future.

In the joint committee and elsewhere, it was repeatedly pointed out to the government that Bill C-60 did not offer Quebecers anything that could incite them to vote one way or the other in the coming referendum. Certainly not the abolition of the Senate and its replacement by the House of the Federation; certainly not the changes in the Supreme Court and the appointment of its judges; certainly not the insertion of a Charter of Human Rights in the Constitution; none of these would have any influence upon the attitude of Quebecers towards the federation, not even the provision respecting linguistic rights.

Only a solution of the problems surrounding clarification of the division of powers between the two levels of government can have an effect. The suggestion that Bill C-60 was a major tool in fighting the separatist movement in Quebec indicated contempt for the intelligence of Quebecers.

Let us hope that some progress will be made in this respect in the coming conference of first ministers. We should not forget that a new Constitution created in haste could be more divisive than the present situation. Let us take the time we need to properly structure our new Constitution and in the process let us not use it for sheer electoral gains.

● (2040)

I come now to the behaviour of the government regarding that special aspect of constitutional reform dealing with the Senate. Bill C-60 would have abolished the Senate purely and simply, and replaced it with an entirely new chamber called "The House of the Federation." The white paper gave the following reasons for this proposal:

> There is a further institution of our federal system in need of major change. The Canadian Senate does not now serve the need of the Federation for a House where the full range and depth of our regional problems, and the effect of national policies on those problems, can be discussed with—

And I emphasize the words that come next.

[Senator Flynn.]

> —independence and authority. The House of Commons cannot fully serve this function, as party discipline—

And I might emphasize that, too.

> —under the Parliamentary system requires that a national viewpoint be adopted. The Senate, appointed as it now is entirely by the federal government, has not been able to provide that recognized forum for the achievement of genuine understanding of the sometimes conflicting natures of our national and regional objectives—and for the search for solutions.
>
> The government believes that to meet these needs a new legislative body, the House of the Federation, should be provided for in our Constitution as a replacement for the Senate. Essential features of the new House would be the recognition of a role for the provinces in the selection of its members, and provision for proportionately greater representation to the eastern and western parts of the country, with substantial adjustment to ensure adequate representation for western Canada which, until now, has not received a share commensurate with its growing importance.

I, for one, disagree with the premise that the Senate, appointed as it now is, has been unable to provide a forum for the expression of regional aspirations. It may not have done all it should have done, but it certainly did more than is suggested in this blunt accusation of the government's.

On the matter of whether or not this proposed House of the Federation really provides a meaningful alternative to the valid criticism made of the Senate, I have grave doubts that the special committee of the Senate which dealt with this matter shares this opinion. That is a matter that can be addressed on other occasions, and in the reconstituted Special Senate Committee on the Constitution.

What I wish to underline at this time is the fact that the government has accused the Senate, and more specifically the large Liberal majority in this house, of not having discharged the duties that were assigned to this institution. It is rather ironic that the government should be making this accusation when you consider that the government supporters in this house were merely acting in the way the government expected, or, should I say, required them to act.

**Senator Forsey:** Not all!

**Senator Flynn:** Who said, "Not all!"? I should like to identify the one who claims to be impervious to government influence. Senator Forsey. Of course! And I would guess you are not alone, Senator Forsey. I wish there were more of you.

The instances in which the Senate may have failed to play its role as representative of regional interests and aspirations have involved cases where the government commanded the Senate majority not to create any difficulty by amending or delaying legislation which had ramifications on the provincial level.

The only serious criticism of the Senate has been to question its credibility because it is an appointed body rather than an elected one. The House of the Federation does not change that

since its members would also be appointed for the term of a federal Parliament or a provincial legislature.

It was open to the present government and the Liberal Party, which has been in office for 39 of the last 43 years—I believe for 45 of the last 60 years—to correct the situation by changes in the quality of appointments, possibly the term of appointments, and by a slackening of party discipline. This might have resulted in meaningful reforms. I grant you that there have been some endeavours in this area, but they have been much too timid.

In any event, it will be interesting to watch this house operating under the suspended death sentence provided in Bill C-60. I will be interested to see if there is any change in the behaviour of the members who officially support the present government. As far as I am concerned, if the Senate is to be abolished, I want the alternative to be something better.

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

**Senator Flynn:** I would also like one last chance to prove to the government that we could be more efficient if only it would let us operate freely and did not impose all these constraints on the Liberal majority.

In short, the government has never had a high opinion of the Senate, and I suggest to honourable senators that the government bears the main responsibility for our poor image in the eyes of the public. We should do everything in our power to improve that image before our demise, if demise there has to be.

At this point, I should offer my sympathy to the Leader of the Government. He has had to go through a very difficult period trying to reconcile his obligations as a member of both the administration and the Senate. But I suppose he finds himself in a better situation as a member of the Senate than in having to run in British Columbia in the next general election, with the risk of obtaining only 10 per cent of the popular vote.

The last window on the perspective of the government which I wish to open is on the economy. I do not intend to open it very wide. I need not cite many figures to assert that our economic situation is extremely serious, that since 1968 we have witnessed constant deterioration—government expenditures have multiplied four and a half times; the consumer price index has increased from 89.4 to 168.9; the purchasing power of the dollar has fallen to 52 cents. We have reached a point where our dollar is now worth less than it was at the worst time of the depression. Unemployment is two and a half times what it was; UIC benefits are close to eight times higher; there are increased budgetary deficits and increased public debt, et cetera.

The Speech from the Throne speaks of a reduction in federal spending; a reduction of the government's share of the national wealth; a reduction in the size of the Public Service; wage restraint in the public sector; elimination of excessive government intervention in the private sector, et cetera, et cetera.

If honourable senators were to read the Speech from the Throne of four years ago—or of the last session, for that matter—and compare it to the present one, they would hardly notice any difference except in the emphasis on certain general principles.

When he became Prime Minister, Mr. Trudeau waged a campaign on the theme of the "Just Society," suggesting mild government intervention in the economy. Five or so years later he spoke of the "New Society," charging that the private sector was a failure and that there was no other solution than a more interventionist welfare state. Now, he sees a solution in the return of the "Old Society," with less government intervention and more reliance on the private sector.

These somersaults are at the root of many of our present difficulties. The business world does not know exactly in what direction the government is moving or may move tomorrow. For instance, the Speech from the Throne says:

> Expenditure restraint has been a central theme of federal policy and practice since October, 1975.

What results have we had? An increase in spending of 45 per cent. The Throne Speech goes on further to say:

> In August, the Government set itself a more ambitious restraint objective. Planned—

I emphasize the word "planned."

> —federal spending this fiscal year will be reduced by five hundred million dollars, and next year's projected spending will be reduced by two billion dollars. As a result, the projected rate of expenditure growth during the next fiscal year is 8.9 per cent. That is well below the forecast growth of 11 per cent for the GNP.

Honourable senators will have noticed the words "planned federal spending," "projected spending," and "projected rate of expenditure." Can anyone tell me what, in practice, that amounts to? I can't either. But one thing we are sure of is that the total expenditure for next year will be higher. That is certain. That is what the Throne Speech says.

The government will not spend as much as it would have liked to spend, but it will still spend more than last year. The government promises to abandon certain programs, but at the same time it informs us that it will shift dollars or transfer funds from low-priority to high-priority goals. Of course, the government is a master at defining which are the low-priority and which are the high-priority goals.

Let us look at them. They are not goals set over the long term, the result of a logical assessment of hard facts. They are targets hastily adopted for the sake of political expediency, at a time when the government was looking forward to a fall election. The announcements in August, after the Prime Minister returned from Bonn, his toying with the idea of a fall election, the way the government has talked to taxpayers and the business world over the past four years—all these show this government's utter disregard for the intelligence of the man in the street. But the man in the street yesterday told the government that he will not be fooled much longer.

Honourable senators will be pleased to hear that I am now reaching a conclusion. I will happily resume my seat in a few moments.

As I listened to the Speech from the Throne, I could hardly identify a single sentence that I had not heard in more or less the same terms in previous speeches; and when the next day I read in our *Debates* the customary phrase, "His Excellency was pleased to retire," I could not resist concluding that those words must never have been truer than on this occasion.

● (2050)

In any event, as we commence this last session with the consolation that it is the last I want to assure honourable senators that we in the opposition will do our very best to review and criticize objectively the legislation that the government sends us. If we are able to pass only the most important bills which died on the Order Paper, we will be accomplishing a lot.

Those bills, along with the ones promised in the Speech from the Throne, would keep Parliament in session for a lengthy period. This prospect may appeal to the Prime Minister, who is so reluctant to call a general election, which normally should have taken place by now, but I repeat that his hesitation and his governing by polls are contributing more than any other factor to the political and economic difficulties we are faced with.

I sincerely believe that only a general election will clear the air, and it is obvious that only a new government will satisfy the electorate.

On motion of Senator Perrault, debate adjourned.

## BUSINESS OF THE SENATE

**Senator Perrault:** Honourable senators, I have information with respect to the measure we are expecting to receive. I have been advised that the members of the other place have stood clause 5 and are now discussing clause 6. There is a total of 11 clauses in this bill.

I suggest that the Senate do now adjourn during pleasure until the call of the bell at approximately 9.45 p.m.

The Senate adjourned during pleasure.

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At 12 midnight the sitting was resumed.

## POSTAL SERVICES CONTINUATION BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-8, to provide for the resumption and continuation of postal services.

Bill read first time.

[Senator Flynn.]

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

**Senator McIlraith:** I should like to make one or two suggestions to honourable senators for their consideration.

**Senator Flynn:** Are you moving second reading?

**Senator McIlraith:** Yes. I was proposing to ask for leave to move second reading now, but in doing so I wanted to—

**Senator Flynn:** You should deal with the question of leave.

**Senator McIlraith:** That is what I was proposing to do. I now propose to ask for leave to proceed with second reading, and if the bill should be given second reading tonight I intend to ask for leave to proceed with third reading so that the bill can be given royal assent tonight. The effect of clause 11 is that this measure will come into force at 12.01 Thursday morning. The House of Commons is standing by.

**Senator Flynn:** Let it stand by.

**Senator McIlraith:** The Deputy to the Governor General is in the building and available to give royal assent. Therefore, if it commends itself to honourable senators, I would ask leave to proceed with second reading and our intention would be, if agreeable, to proceed through all stages now.

**Senator Flynn:** Go ahead.

**Senator McIlraith:** Thank you very much, honourable senators.

**Senator Flynn:** I understand you are asking if leave is granted. Before leave is granted, I would like some explanation from the sponsor of the bill. He tells us he wants this bill to be passed because the House of Commons is waiting. In my perspective, that is not a very good reason. The second reason is that the Deputy of His Excellency the Governor General is also waiting. I did not call him, I do not know who did, but I do not think that is at all relevant.

The problem is that you are asking us, without any legal consequence, to deal with this bill after 12 o'clock midnight. It is too late now for the bill to come into force on Wednesday, and even if you obtained royal assent at two minutes before midnight, do you think it would be fair to tell the workers who are on a legal strike to go back to work within two minutes?

Is it reasonable for the Senate to discuss this bill at this late hour rather than discuss it tomorrow? I say it is ridiculous to ask us to deal with this bill at this time of night, because the practical consequences will be the same. I am very sorry for the Deputy of His Excellency. I do not see why we should be asked to grant leave.

I would like the Leader of the Government to tell us the advantage of passing this bill at this time instead of in the morning.

**Senator Perrault:** Honourable senator, it had been anticipated earlier today that it would be possible to obtain royal assent for this proposed measure by midnight tonight. However, members of the other place determined that they wished to discuss this important bill at greater length than had

been anticipated. Indeed, a number of amendments were proposed.

**Senator Flynn:** Answer my question.

**Senator Perrault:** Honourable senator, you have been given a full opportunity to express your viewpoint. Would you allow me to finish what I have to say?

• (0010)

**Senator Flynn:** It is too late for going around the question.

**Senator Perrault:** It is not too late for a logical explanation. You asked a question.

**Senator Flynn:** Answer it.

**Senator Perrault:** Would you please remain seated while an explanation is attempted?

**Senator Asselin:** Are you the Speaker?

**Senator Smith (Colchester):** Who are you?

**Senator Perrault:** Honourable senators, I don't have to be reprimanded by the Leader of the Opposition when I am asked for an explanation as to why it is proposed that we attempt to obtain royal assent this evening. May I continue my explanation?

**Senator Flynn:** You have not come to it.

**Senator Perrault:** I want to say, honourable senators, that during the day I communicated with the Leader of the Opposition the time schedule involved here.

**Senator Flynn:** It is not relevant.

**Senator Perrault:** Honourable senator, listen to what I have to say, and perhaps you can make a judgment after I have concluded. It had been anticipated that there would be an adequate amount of time for debate in this chamber on this important measure and that we could obtain royal assent by midnight. The time schedule, for reasons beyond anyone's control, went longer than had been anticipated.

**Senator Flynn:** I know that.

**Senator Perrault:** No one seeks to breach the rules or traditions of this house or to restrict any senator's opportunity or right to debate this measure, but I suggest that today and this evening a great many people have engaged in an enormous amount of work to make passage of the bill possible.

**Senator Flynn:** Who?

**Senator Perrault:** Honourable senators, a great many people have gone to extraordinary lengths and have worked extended hours in order to have this bill dealt with this evening. If the Leader of the Opposition does not wish to give consent to proceed, that is his decision, that is the end of the attempt, and we could proceed to debate it later this day.

Honourable senators, I reiterate the practical problem which has arisen. We had anticipated we would have this measure from the other place by 9 o'clock tonight, which would have permitted at least three hours of Senate debate, preceded, of course, by personal study of the proposed measure by a number of senators during the day. We are now approximately three hours behind that anticipated schedule—a delay beyond anyone's control. The members of the other place engaged, as is their right, in a rather protracted debate on this proposed measure. If at this time certain honourable senators do not wish to proceed, or if the Honourable Leader of the Opposition refuses to give his consent for the advancement of this bill, that is the end of the matter.

**Senator Flynn:** If that is the only explanation you have, I will give leave, because once again the government is trying to make a fool of the Senate.

**Senator Perrault:** All the honourable senator has to do is to say he is unwilling to have this measure proceed.

**Senator Flynn:** No, I would not want one member, or a small group here—because we are only a small group—to prevent the majority from acting. We have a responsibility in this place, and if it is the wish of the Leader of the Government, supported by the docile majority over there, then okay.

**Senator Perrault:** The honourable senator has a right to debate this bill at length now if he wishes, or later in the day if he wishes. It is his option. Nobody wishes to restrict the right of senators to debate this measure.

**Senator Flynn:** I know that.

**Senator Asselin:** I was asked by my party to speak on this bill this evening. Because the Leader of the Government said we might be discussing the bill at 9.30 or 10 o'clock I went to the other place and listened to the debate, in which there were very good arguments put forward by some members of the House of Commons. Amendments were put forward and votes were taken on some of them. But I am not ready tonight to read over all the discussion that has taken place in the House of Commons, or study the amendments that were advanced over there.

[*Translation*]

Honourable senators, having been called upon to speak on behalf of the opposition on this bill, I want to do it in a conscientious manner. If however, as suggested by the Leader of the Opposition, to discuss clause 11 through the night would bring us no nearer to a settlement of this issue.

• (0020)

If we decide to deal with this matter now, the law will not come into force until Thursday, because it is now past 12 o'clock midnight. Clause 11 reads:

> This Act shall come into force on the day immediately following the day on which it is assented to.

So there will be no repercussions. But something could happen. The strikers could cool off. They may think overnight about what has been decided in the House of Commons, and perhaps tomorrow there could be a settlement between the Postmaster General or the Minister of Labour and the leaders of the workers.

May we not ask the Leader of the Government to take a chance and give these workers an opportunity to think about what has been decided and discussed in the House of Com-

mons tonight, and see what happens tomorrow? I am not ready to deal with the bill tonight because I want to study the amendments and also the arguments that have been put forward in the House of Commons this evening.

**Senator Buckwold:** Honourable senators, as one senator on this side of the house, I have to tell you that I support the Leader of the Opposition. In my view, it is unfair to put the Senate in this position at this hour, when it makes absolutely no difference when this particular bill becomes law.

I am very interested in this bill. I had the privilege of being a Co-Chairman of the Special Joint Committee on Employer-Employee Relations in the Public Service, and I have a real concern about the developments that have taken place so far in the relationships between the Government of Canada and its employees. I would like to be able to understand this bill. I do not think I can do that very well if we are going to debate it from now until 3 o'clock in the morning, especially when it will not affect the end result.

I would like to suggest to the government leader that he consider this situation, and give us the opportunity to review the bill in order to be able to debate it sensibly. I think the stature of the Senate will be enhanced if we give it a much more detailed consideration and review than is possible by rushing it through at midnight.

**Senator Perrault:** Let me again make it clear that there is no attempt on the part of the government to rush this measure through the Senate with inordinate haste. Honourable senators may choose to debate this issue at any length they desire at this hour, or they may choose to do so later this day.

The government is proceeding only out of consideration—if honourable senators agree, and they may wish to disagree—for our colleagues in the other chamber who have worked throughout the day and who are awaiting our action, and for the Deputy of His Excellency the Governor General who has been waiting for a number of hours to give royal assent.

**Senator Flynn:** He will go to bed early.

**Senator Perrault:** If honourable senators are unwilling to provide that kind of accommodation—and that is purely their decision to make—then let them decide, one member of the Senate or any group of honourable senators, that they will not give consent at this hour to the stages necessary for the passage of this measure and the granting of royal assent. There is no suggestion whatsoever that this measure has to be passed in any kind of undue haste. I do not know how many times that must be repeated.

● (0030)

**Senator Roblin:** The Leader of the Government has now thoroughly confused me. I should like to ask him a couple of questions to see whether he can straighten out my unfortunate situation.

We have been told that there is no pressure on us to depart from normal procedures with respect to this matter. That is not a point that bothers me, because I have been subject to pressure before. What I do not understand is the real reason why we are being asked to proceed with this matter now. If I understand the meaning of clause 11 of the bill, it indicates that no matter what we do now the bill will not come into force on Wednesday. That is clear. It means that no matter whether we deal with it now or later this day, it cannot come into force before Thursday.

If my interpretation of this clause is correct, and if the Honourable Leader of the Government will tell us that he has no intention of amending this particular clause so that it will come into force before Thursday, then I fail to see why we should be asked to deal with it in a rather hasty manner now. It seems to me that we can easily meet later this day, as has been suggested. I for one—and I can only speak for myself—am willing to waive any rule in order to ensure that it not be delayed beyond those few hours so that the effective date will still be Thursday.

I am puzzled as to why we are being asked to deal with this important matter now when it has no practical consequence in terms of the public interest.

I have great respect for our colleagues in the other house and for those who have been told that a certain plan of action might be contemplated. I do not wish to be awkward as far as they are concerned, but we do have a duty to ourselves and to the people of Canada to ensure that we know what we are talking about when we are deliberating this measure.

So if there is no practical consequence in dispensing with immediate action and dealing with this matter tomorrow morning, when we are refreshed and can do so a little more coherently than we can at this time, then I do not understand why we are not adopting that course. It would seem to be the better part of discretion that we do that.

As I say, my honourable friend has me thoroughly confused. I do not know why he is pushing this at this moment when there is no practical consequence to it and when there might be advantage in being able to consider the matter at some leisure.

**Senator Perrault:** Honourable senator, no one is pushing the Senate to debate this now. If I take from your remarks that you refuse to grant consent to proceed with this bill, there will be no recrimination and it will be debated later this day.

At 9 o'clock this evening there was an urgency and a reasonable expectation that the force of this measure, if given royal assent, would be felt after midnight tonight. By 11 o'clock this evening, with but an hour for debate, the possibility of passage before midnight had become marginal. A question arose whether the proposed measure could be debated and passed in time to take effect as scheduled. As I have said, the principal reason we are here at this hour is to accommodate a great number of individuals who have been severely inconvenienced. However, there will be no attempt by the government to force the Senate to debate this bill at this hour, if honourable senators do not wish to debate it. Let me be clear about that.

Perhaps the sponsor of the bill would like to add a few remarks.

**Senator Roblin:** If my interpretation of the impact of clause 11 of this bill is correct—

**Senator Perrault:** You are right.

**Senator Roblin:** It is agreed, then, that I am right in assuming—

**Senator Perrault:** That is correct. It has been stated several times.

**Senator Roblin:** I am glad to hear that. That is the first time it has registered with me. I am a little slow at times.

**Senator Flynn:** In order to save time for those who have been waiting, and in order that they may go to bed now rather than in two hours from now, I will say no.

● (0040)

**Senator Langlois:** You could have said that sooner.

**Senator Flynn:** I was trying to get some explanation.

**Senator McIlraith:** I thought I made it clear at the outset of my remarks that the bill would come into force at 12:01 a.m. on Thursday next.

**Senator Croll:** Leave has been refused, so that is the end of it.

**Senator McIlraith:** I realize that leave has been refused to proceed with second reading now. I merely want to confirm that leave is being granted to proceed later this day.

**Senator Flynn:** That's fine, later this day.

**The Hon. the Speaker:** With leave of the Senate, it is moved by the Honourable Senator McIlraith, seconded by the Honourable Senator Croll, that this bill be placed on the orders of the day for second reading later this day.

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

Motion agreed to.

**Senator Perrault:** Honourable senators, I move, seconded by the Honourable Senator Langlois, that the Senate do now adjourn until 11.00 o'clock in the forenoon this day.

Motion agreed to.

The Senate adjourned until 11 a.m.

# THE SENATE

**Wednesday, October 18, 1978**

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

## HIS HOLINESS POPE JOHN PAUL II

FELICITATIONS ON ELECTION

**Senator Haidasz:** Honourable senators, it was with great jubilation and surprise that the world received an announcement on October 16 last that the cardinals of the Roman Catholic Church, in an historic conclave, had elected, in succession to Pope John Paul I, a new pope in the person of Karol Cardinal Wojtyla, Archbishop of Krakow, Poland, where, in 1966, with many of my parliamentary colleagues in a delegation commemorating the one thousandth anniversary of Christianity in Poland, we witnessed the inspiring religious devotion, the deep, flourishing faith and religious tradition of the people. A staunch defender of religious freedom and human rights, the new Pope chose the name of John Paul II, recognizing the achievements of his two illustrious predecessors.

Canada was honoured by the two visits Pope John Paul II, as Cardinal Wojtyla, made to our country in 1969 and 1976, when many Canadians had the privilege of meeting him and being edified by his many qualities. We who had the pleasure of speaking to His Holiness were greatly inspired and fortified in the faith. Christians and members of many faiths have joined in extending best wishes to the new Pontiff of the Roman Catholic Church. I should like to associate myself with these tributes.

Honourable senators, I move, seconded by the Honourable John J. Connolly, that the Honourable the Speaker convey the felicitations and the prayers of the Senate of Canada to His Holiness, Pope John Paul II, with the fervent wish that his pontificate may be blessed in the service of men of good will everywhere.

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

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. Libby, McNeill & Libby of Canada Limited, Chatham, Ontario and the group of its Chatham plant employees represented by the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.), Local 127. Order dated August 24, 1978.

2. Town of Port Hope, Ontario, and the group of its police officers represented by the Port Hope Police Association. Order dated September 22, 1978.

3. Treasury Board of Canada and its Economics, Sociology and Statistics Group. Order dated September 20, 1978.

Copies of Report entitled "A Study of Profit Margins in the Food Industry" by the Anti-Inflation Board, which study was requested by the Minister of Finance.

Copies of an Amendment to the Capital Budget of the Export Development Corporation for the year ending December 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-2559, dated August 16, 1978, approving same.

Report of operations under the Foreign Investment Review Act for the fiscal year ended March 31, 1978, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Copies of contract, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970, entered into between the Government of Canada and the Municipality of Hampton, in the Province of New Brunswick.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1978, pursuant to section 5 of the Department of National Revenue Act, Chapter N-15, R.S.C., 1970.

## BUSINESS OF THE SENATE

**Senator Flynn:** Honourable senators, may I ask the Leader of the Government if he does not feel in better form to deal with the emergency legislation at this time than he would have earlier this morning?

**Senator Langlois:** He is always in good form.

**Senator Perrault:** Honourable senators, I can only echo what has been expressed by our deputy leader. I always attempt to be in good form.

**Senator Flynn:** Dangerously well.

**Senator Perrault:** I do think it may be worthwhile clarifying briefly, especially for the media, the situation last night and early this morning. I want to emphasize that even had we

passed Bill C-8 last night or early this morning it could not have gone into effect until tomorrow. Therefore, the suggestion that somehow the Senate has delayed this measure of vital importance to Canadians everywhere is not true, it is not accurate. I hope that correct view can be conveyed to the Canadian people.

**Senator Argue:** A big lie.

**Senator Perrault:** The only option open to us after midnight was merely an option that might have accommodated a great many people who had worked for many, many hours, and were standing by to assure passage, assent to and implementation of the bill. No harm has been done. This was an initiative by the government to try to accommodate the people who were standing by, including the representative of His Excellency the Governor General. So let us carry on in a positive and co-operative fashion and make certain that the bill is given the attention it deserves.

**Senator Flynn:** I think I should be allowed to make a little correction. If the Leader of the Government had said last night what he is saying now the media would not have misunderstood the situation. That is the first point. The second is with regard to the accommodation of many people. I think the Commons were very happy to go to bed earlier than at 4 o'clock this morning and that goes for the representative of the Governor General also.

## ENERGY

GOVERNMENT PRICE AGREEMENT WITH ALBERTA RESPECTING CRUDE OIL—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government if the government considers the agreement it made with Alberta respecting the dates for changing the price of crude oil to be a firm commitment, or does the government feel this is still negotiable?

**Senator Perrault:** Honourable senators, I must take that question as notice.

## FISHERIES

GOVERNMENT ACTION AFFECTING FISHERMEN IN ATLANTIC CANADA—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government a question having to do with the fishermen in Atlantic Canada. In view of the continuing fears about a definitive decision by the government, first, concerning the future of the fisheries research laboratory in Halifax, secondly, closing the weather station at Gander, and thirdly, the cut-back of marine broadcasting, even though there has been some representation otherwise, could the leader extract from the Minister of Fisheries and the Environment a definitive decision on the government's intentions?

**Senator Perrault:** That explanation will be sought from the Minister of Fisheries and the Environment. Representations with respect to all three of those subjects are under study at the present time.

## GREAT LAKES SHIPPING

STRIKE OF ENGINEERS AND DECK OFFICERS—QUESTION

**Senator Roblin:** Honourable senators, last night great anxiety was expressed in the house by some members from western Canada and elsewhere about the state of the strike in the Great Lakes shipping system and its effect on the economy of the country, and on western Canada in particular. Can the Leader of the Government give us any information on the present status of that industrial dispute, and whether the government has a plan of action to deal with it?

**Senator Perrault:** We have no further information this morning, except for confirmation of the fact that Upper Lakes Shipping has signed an agreement. Hopefully, information can be obtained during the next few hours if there are further developments.

**Senator Argue:** How many ships are involved?

**Senator Perrault:** I understand there are something like 126.

**Senator Argue:** The ones that have settled.

**Senator Perrault:** Approximately 25.

## ENVIRONMENTAL AFFAIRS

CLOSURE OF REGINA WEATHER STATION—QUESTION

**Senator Argue:** Honourable senators, I should like to ask the Leader of the Government a question. I am sorry that I have not been able to give him notice of it. It results from the government restraint program and a project to save $200,000 in a year by, in effect, closing the Regina Weather Station. I just wanted to point out that this weather station was obtained in Regina after many years of battle to get it there. We feel, as the major grain-growing province in Canada, that we really need up-to-date weather information, and it is not good enough that the weather information comes from Winnipeg and Edmonton only.

● (1110)

This is a major issue. It may not sound too important. It is only $200,000, which in the context of a huge budget is not very much. But it is so great an issue that all political parties in Saskatchewan campaigning in the election for today have said that they, as a government, would be prepared to pick up the tab. But I suggest that there is no reason why Saskatchewan should pick up the tab if Alberta is not picking up the tab and if Manitoba is not picking up the tab. We from Saskatchewan feel that this is something of major importance.

**Senator Perrault:** Honourable senator, the government is aware of the concern which exists in the prairie provinces with respect to this particular weather station. The Minister of Fisheries and the Environment has spoken about this and other matters on occasion. He has stated that technological advances

in weather forecasting have resulted in proposals to centralize certain of them, to relocate in the case of certain other facilities. However, if the honourable senator has information which should be brought to the attention of the minister, I would be pleased to assist in conveying that information to the minister.

**Senator Argue:** I would be very delighted to do that; and I think the information I have brought this morning is accurate.

**Senator Perrault:** I may say that in recent weeks members of the loyal opposition have spoken, both in the other place and in various parts of Canada, in terms of the alleged illusory nature of government cut-backs. I think we have had a great deal of evidence in recent days that these cut-backs are far from being illusory: they are very tangible and very real.

**Senator Argue:** I am not debating that point.

**Senator Flynn:** It is a high priority.

## POSTAL SERVICES CONTINUATION BILL

SECOND READING

**Hon. George J. McIlraith** moved the second reading of Bill C-8, to provide for the resumption and continuation of postal services.

He said: Honourable senators—

**Senator Flynn:** You have a good audience today.

**Senator McIlraith:** I hope a well rested one.

**Senator Grosart:** Representative.

**Senator McIlraith:** Honourable senators, Canada's industrial relations system reflects our belief that it works well and can be protected and promoted through free collective bargaining as the means for settling labour-management disputes.

Our laws have established the framework of rights and responsibilities in which management and labour are to conduct their relations, and it places the responsibility for resolving labour-management disputes clearly on the parties to the collective bargaining. That is the basis of our system as I see it.

Unfortunately, there are times when the necessary spirit of compromise and the demonstration of good faith that are required are found wanting, for whatever reason. As a result, the government, which clearly has the responsibility to the community at large to protect the public interest, must act. This is the case in the situation before us today, and this is why we are bringing forward the bill dealing with the dispute between the Post Office and the Canadian Union of Postal Workers.

It is, I think, the view of most senators that Parliament must legislate to prevent the continuation of this stoppage of postal services.

It is clear from a review of developments leading up to the present impasse between the inside postal workers and management that there has been a complete lack of meaningful communication and dialogue between the parties, and almost no real bargaining; that is, the necessary compromises and counterproposals on which a viable collective agreement and bargaining relationship can be based have been absent.

The previous collective agreement between the Canadian Union of Postal Workers and the Treasury Board expired on June 30, 1977. In the early months of 1977 several pre-negotiation meetings took place between the parties, without any progress being made. On May 4, 1977, the union served formal notice to bargain, with Treasury Board replying on May 6, 1977. The first formal meeting, which took place on May 19, 1977, lasted one hour and was the only one for several months.

Following a number of unsuccessful attempts by the Post Office to resume talks, negotiations were finally held again in October and November. However, little progress was made.

On November 30, 1977, the employer filed an application with the Public Service Staff Relations Board for the appointment of a Conciliation Board. Mr. Roy Heenan, on behalf of management, Mr. Irving Gaul, on behalf of the union, were named to the Conciliation Board on December 17, 1977. Mr. Louis Courtemanche was appointed chairman of the board on February 2, 1978.

There were many public conciliation hearings from April through July, 1978. Closed conciliation sessions involving both parties began on July 18, 1978, and continued through to the end of the month. During these extensive Conciliation Board proceedings, the parties were able to agree to only a few minor clauses.

The employer met separately with the Conciliation Board on July 27 and 31, 1978, and on five occasions in August. On August 16, 1978, the union gave notice that it wished the conciliation process to terminate and asked the board to prepare its report.

The Conciliation Board handed down three separate reports which were released to the parties on October 6, 1978. The lack of agreement by the three members of the Conciliation Board are an indication of the intense feelings of the parties and the wide differences between them on a very large number of complex contract items. Notwithstanding the very exhaustive efforts of the Conciliation Board from April to August, 1978, little was achieved in bringing the parties closer to agreement, and since the handing down of the three separate board reports, it is apparent that very wide gaps between the parties still exist.

Honourable senators, you will have learned that on Monday the Acting Minister of Labour and senior officials from the Department of Labour made what is called "a last ditch effort" to resolve this dispute in a spirit of conciliation and compromise when they met extensively throughout the day and late into the evening with representatives of the union along with a representative of the Canadian Labour Congress in order to explore all possible avenues leading to a settlement.

Following many hours of exploratory talks, the minister proposed two possible means of resolving the dispute, and

these proposals were tabled with the parties for their consideration.

• (1120)

The first proposal called for the application of the mediation-arbitration process in the resolution of the dispute. That process would involve the agreement by the parties to refer the dispute to a mediator-arbitrator who would seek to mediate all outstanding issues originally referred by the Public Service Staff Relations Board to the Conciliation Board chaired by Mr. Courtemanche. This process would also require the parties to further agree that the mediator, should he not be successful in mediating the whole of the collective agreement, then make an arbitration finding on all remaining unresolved issues. The parties would agree to be bound by the arbitration awards rendered. The mediator in this process would be appointed by the Acting Minister of Labour and would submit his report to the parties not later than 90 days following the date of his appointment.

The second proposal put forward by the minister would require that the employer and CUPW return to the bargaining table with full authority to settle the issues under the auspices of a special commissioner appointed by the minister to mediate the dispute. The issues to be dealt with would be those that were referred by the Public Service Staff Relations Board to the Conciliation Board chaired by Mr. Courtemanche.

The Commissioner would be required to attempt a resolution of all such issues within two weeks of his appointment. If at the end of the two-week period any issues remained unresolved, the Commissioner would then report to the Minister of Labour, stating, in his opinion, what further steps or procedures would be required to reach a final agreement.

Both of these proposals that were presented to the parties on Monday evening would also include the stipulation that, during either of the processes accepted by the parties, the union would agree to withhold any strike authorization and direct its members to return to work forthwith and to cease any work stoppage activity.

It should also be pointed out that the Assistant Deputy Minister of Labour and the minister met with the president of the union and with an Executive Vice-President of the Canadian Labour Congress on Friday, October 13, in an effort to foster acceptance of the proposed voluntary procedure of mediation-arbitration for the resolution of the dispute. Unfortunately, the National Executive Board for the union rejected both these proposals for the resolution of the dispute, and called a national strike Monday night.

It will be seen that every effort has been made to resolve the dispute through a negotiated settlement in a spirit of conciliation and compromise. It appears that there are now only two courses left open to the government: either allow the work stoppage to continue with no hope of settlement available to the parties, or legislate an end to the work stoppage and bring about a resumption of postal operations while providing for the resolution of the dispute.

It is evident that serious socio-economic consequences of this work stoppage now make it very clear that, in the interests of all Canadians, prompt and decisive legislative action should take place. Hence, Bill C-8 that is before us now.

I assume that most honourable senators have by now had an opportunity of reading the bill, and I am sure most senators followed its course through the other place yesterday. Regrettably, the debate there took longer than was anticipated.

The bill, in most respects, is similar to earlier bills of this type. It provides for the continuation of postal operations, making the present work stoppage illegal. The appointment of the mediator-arbitrator is not in the same form as we find it in many previous bills. The person to be appointed will adopt the two roles, that of mediator and that of arbitrator.

The term of the new collective agreement to which the bill applies is extended until December 31, 1979. The Public Service Staff Relations Act is made applicable to the mediation-arbitration proceedings. I have some doubt in my own mind as to whether it is required to be made applicable, because it may be applicable in any event. At any rate, the effect of making certain sections of the Public Service Staff Relations Act applicable is to clear up any doubt that there may be on that point, to counteract any argument that may be made to the contrary, and to make it clear that the function of the mediator-arbitrator is regulated by the relevant clauses of the Public Service Staff Relations Act.

Honourable senators, when we come to the clauses dealing with offences and penalties we realize that some of the earlier legislation provided for much lighter penalties than those provided for in this legislation, but I would point out that the penalties set out in this bill are based on recommendations contained in the report of the Joint Committee of the Senate and the House of Commons on Labour Relations in the Public Service. The penalties recommended by that committee in its report presented a year or so ago have been adopted.

Honourable senators, without further ado, I commend the bill to your favourable consideration.

**Hon. Martial Asselin:** Honourable senators, I listened very carefully to what Senator McIlraith said this morning in moving the second reading of this bill. He has not said anything new. We heard the same argument this morning that we heard in the past when we were asked by the government to deal with emergency legislation of this kind.

I think the main point to be raised this morning is the fact that the right to strike granted to these workers by this government is now being removed. But why single them out? Why take the right away from this group only? The government is trying to play on both sides of the fence. It is trying to pretend it is the great defender of the working man, and so to all public servants it has extended the right to strike. But the moment things go wrong, and the government is likely to be criticized because of yet another strike in the public service, that right is temporarily removed. Why doesn't the government come clean? Why, honourable senators, doesn't it decide

once and for all whether it wants to continue to give civil servants the right to strike?

● (1130)

This government, obsessed as it is with the fear of losing power, can only measure its actions in terms of votes. There are votes to be gained from being an open-minded administration that allows civil servants to strike, and there are votes also to be gained from forcing people back to work. But that is not fair to these workers. They are being used, and they are entitled now to know precisely where they stand. Because another strike in this essential service will deal a further blow to an economy that is already crippled as a result of chronic mismanagement on the part of this government, we on this side are forced to support this legislation. But we do so, as I will point out later, with some reservations.

I think another vehicle must be found either to avoid completely these disputes that lead to strikes, or to handle them more efficiently and effectively if they do arise. The fact, honourable senators, that there have been some 60 major public service disputes in the last eight years, and the fact that eight of those have required this type of emergency legislation, are obvious indications that it is time we seriously considered setting up a body which would make sure that negotiations were entered into long before a contract nears its termination date. Such a body could also oversee these negotiations to make sure that they were running smoothly. The idea is that we must take the necessary steps to avoid strikes. We simply cannot afford them now.

This government has shown itself to be a bad employer. Its employees are certainly not satisfied with the way they are treated. If I may repeat myself, 60 major public service disruptions in eight years is nothing to brag about. It is obvious that the administration just cannot handle properly the delicate negotiations that exist with its hired help. That is not surprising, honourable senators, since this government does not seem to be able to handle successfully anything that requires more than a minimum of skill.

So we need a body that will help this administration, in the few months it has left to it, to govern this country; and that is what this government should work towards establishing the minute we have passed this legislation.

We suggested that the postal workers be denied the right to walk out. We said this a long time ago. We made the suggestion because our economy at the present time cannot afford this type of strike.

However, we do not like to see workers forced back to work, and we deplore the state of affairs which allows disagreements to degenerate to the point where a strike seems to be the only option left for a group of workers. On the other hand, we have a responsibility to the rest of Canada, to what is left of the health of our economy.

The blame, honourable senators, is on the government for allowing such situation to develop. We do what we must for the good of the country, but sympathize with these workers, whose employer is known for its incompetence.

[Senator Asselin.]

[*Translation*]

Honourable senators, it is unbelievable that, as stated by the mover of the bill, this group of workers, the postal workers, have been without a collective agreement since 1977. And since 1977 this government has found no formula for a satisfactory agreement with the 23,000 postal workers.

In almost every center across the country, the union brought to the government's attention a large number of complaints about automation, a large number of work grievances, but they all remained unanswered and unsolved, no decision whatsoever being taken by the government representatives on the grievances filed with the employer.

It is no surprise therefore that these workers' attitude is one of hassle and defiance, because work conditions have been deteriorating for much too long. Further, there has been nothing forthcoming, and I repeat nothing except the Moisan Report, tabled under Mr. Mackasey. That report attempted to submit solutions to the government and both parties, but these did not go through.

I was shocked last week by what I would call the premature attitude of the head of government who suggested, even before the strike began, that he would have a special law enacted. Imagine, Parliament would enact a special law if employees exercised their legal right to strike. He even threatened to do away with the right to strike in the public service. That on the part of the head of the government was not an attempt to arrive at a negotiated solution but, in my opinion, purely and simply a provocation to those 23,000 employees.

So is it surprising, honourable senators, that the union should feel deeply annoyed and say publicly that it is possible in the circumstances that the emergency legislation might be disobeyed? Last night on the radio news I heard the president of the union, Mr. Parrot, say that he might advise his 23,000 employees not to obey the special legislation. Of course, nobody in this house would agree with such a decision by the president of the union but I think it reflects the state of mind that exists among the leadership and the postal employees at this time.

The question we are asking now is: Do they have the right to use a policy of confrontation that will undoubtedly incite the employees to disobey a legislation of Parliament, because they do not want to lose face, because they also want to keep a minimum of the privileges they won in the past year and a half from the government and its representatives?

What I find ridiculous in the process of negotiations and attempted settlements of this conflict is that even before those employees could use their right to strike legally, even before they could use an act voted by the Parliament of Canada allowing them to strike legally, after the required periods have expired, they introduced an emergency legislation and immediately said: You are not going to use the legal right to strike that Parliament gave you; you are going to go back to work.

We have enacted special legislation similar to this bill in the past but with the difference that we let the postal employees or the union membership first use their legal right to strike

obtained legally through legislation passed by Parliament. Furthermore, when Parliament realized afterwards that that right to strike had been abused, that an extended illegal strike was threatening the economy of the country, it decided to pass legislation to limit the dire economic consequences of an extended illegal strike.

This is not the case today. Today, we will be passing legislation almost immediately after a right to strike legally has been gained by a group of workers and that right has hardly been used yet. Even before they can use this right to call a legal strike, we pass a law to tell them: "No, you will not do it. The strike may be legal, but we are taking back the right that we had previously given to you by an act of Parliament."

I therefore wonder about the logic of the decision of Parliament as concerns the legal right to strike of public service employees. Of course, the government will say that we cannot delay passage of this legislation since an extended strike will have disastrous economic repercussions. On the other hand, we are, of course, responsible people and we are ready to cooperate to hasten as much as possible passage of this legislation.

However, we also want to use our right as the official opposition to tell the government that it is wrong to apply special legislation to people who have just started in the last few days to use their legal right to strike. I feel that we are provoking these employees and that our position will become more uncomfortable in a few days if these people decide not to obey the special legislation we are about to pass. It would not be surprising if another bill were introduced Friday to ask the employees on strike to obey the law passed today.

Honourable senators, I believe we must reflect seriously before giving the green light to this bill which, in my opinion, can in no way solve the present problem.

The sponsor of the bill said that the legislation provides for the appointment of a mediator-arbitrator who will be fully empowered to discuss and solve existing problems between postal employees and their employer, the federal government. However, this method has already been used without success by the government. If we read carefully the Moisan report on wages and automation problems, we may wonder what terms of reference the government can give to this mediator-arbitrator so that he may enjoy all the authority needed to discuss either the wage problems, the employment security problems or the automation problems of postal workers. I think that, at the present time, those are the major problems about which there is disagreement.

Honourable senators, I know that some of my colleagues want to discuss this important bill, but I believe that if the government really wanted to make an effort and show its goodwill—and I must repeat that those people have not had a collective agreement since June 1977—the government would try, as we have suggested, to find a satisfactory temporary formula to solve the problems which oppose it to the postal workers.

I do not believe that this mediator-arbitrator can be given all the authority needed to be able to bring both parties to an agreement and to find satisfactory solutions to what I consider as the very serious problems now facing postal workers within the time limit set in this bill.

• (1140)

[*English*]

**Senator Molson:** Honourable senators, I wonder if I might ask the sponsor of the bill one question. Does he propose to refer the bill to a committee, or to deal with it in Committee of the Whole, if and when it receives second reading in this chamber?

**Senator McIlraith:** In answer to the honourable senator, it is my intention to propose to the house that we deal with the bill in Committee of the Whole, and that we invite the Minister of Labour, under our rules, to come and answer such questions as honourable senators may wish to put to him.

**Senator Molson:** Thank you.

**Hon. Hazen Argue:** Honourable senators, I am pleased that the government has wasted no time in bringing this legislation before Parliament. In a previous strike the country had to wait weeks before action was taken. Therefore, I think we can commend the government for this kind of forthright action. However, I am wondering whether, if this bill is passed, we will be back in the future with these same employees in exactly the same situation unless something very fundamental is done about the Post Office.

• (1150)

It has been announced that the Post Office is going to be made into a crown corporation. I do not know what that will do, in a practical sense, to the operation of the Post Office, but I feel, unless something very fundamental is done, we will be back in exactly the same position in future years. What is required is a study of the possibility of making a fundamental change in the operation of the Post Office. It seems to me—and I say this with great sincerity—that the government should be studying the whole question of industrial democracy and a new approach to industrial relations, including those in the Post Office.

I can see that the Post Office could be operated more efficiently without strikes, and without the almost permanent threat of strikes, if it were broken down into units that could be handled rather independently of the whole system. If that were done, the postal employees should then be taken into the confidence of the postal organization, and the postal authorities should endeavour to have a contract, on a unit basis, for the operation of a particular unit of the Post Office. It could be divided, for example, into five or six regions, and the employees should be given a voice in its operation. This theory could be applied to many industries in this country.

If this kind of contract were entered into with employees of the Post Office in a particular area or a particular region, the employees would have an incentive for improved production and for increased efficiency. I can see a contract being made between the postal authorities and the employees in a given region to provide the employees with a certain payment, which

could be so much per letter or so much per article being processed. Then, if those employees organized themselves in such a way as to put through the required quantity of mail in less than an eight-hour or a six-hour day they would have the same take-home pay.

I would like to see, not only in the Post Office but in many of the big industrial concerns in this country, the employees given a say in the operation of the industry and a share of the profits. Until rank and file Canadians are given some kind of responsibility in the work that they perform, I can see this kind of situation continuing year after year.

**Senator Flynn:** Do you want them to share in the deficit also?

**Senator Argue:** You can make jokes, but I think this kind of fundamental thinking should be applied to the Post Office.

Industrial democracy is not something new, but it would be pretty new to Canada. It is not supported by the great trade union movement generally. They are afraid that it is another way for the bosses to get at the unions. It is an important concept that has brought a measure of success to the industries of such countries as Germany, Sweden and Yugoslavia. I feel that this is an area which should be considered and studied by the government. I speak as someone who believes in fundamental private enterprise. I believe in an employee's having a say in the industry in which he works, and if he can obtain a share of the returns of that industry, that is so much to the good.

Honourable senators, we are dealing with Bill C-8, which is a bill to put the striking employees of the Post Office back to work. I said I was pleased that the government had undertaken such forthright action in this field, but I am sorry that the government has not taken the same kind of forthright action to deal with the shipping strike on the Great Lakes.

It is obviously important that the mails go through, but a lot of Canadians would say that their worries would be over for a week or two—if the strike lasted that long—because their creditors would not be after them; they would not receive their worrisome mail, and they can pick up their pay cheques in any event. However, the grain producers in western Canada are threatened with a loss of $450 million before freeze-up. That is $3,000 for each individual grain producer in western Canada, and that loss is important to them. It is not just $3,000 lost today and that is the end of it. Canada is ruining its reputation with its customers because it does not deliver the wheat. We have the wheat and we have made the sales—the Canadian Wheat Board is doing a marvellous job in selling wheat—but when it comes to delivering the wheat to the customers, our record is abysmally bad.

The government is concerned about the state of the Canadian dollar. The government is having the Bank of Canada increase interest rates to try to strengthen the dollar. The government has provided for billions of dollars of loans to try to strengthen the Canadian dollar. The loss resulting from the shipping strike is not a potential loss; it is a loss of something like half a billion dollars that is starting to take place, and can take place in the next few weeks, yet we are not asked to deal with that strike.

I say that we should have Bill C-8 which is now before us, but I also say that we should have a Bill C-9 dealing with the Great Lakes shipping strike. I can see no reason why that particular strike does not warrant the same kind of attention that is being given to the postal strike.

We talk about regional alienation. The people of western Canada will tell you that if the Steel Company of Canada was affected by this strike, something would be done; and that if Ontario Hydro was threatened, something would be done. However, the newspapers tell us that the Steel Company of Canada has enough ore and coal to carry on for a few months, and Ontario Hydro has enough coal to carry on until spring. If the government is talking, as it does so often, about regional alienation, then I suggest this is a prize example of why there is alienation on the prairies.

I do not know why, and I cannot understand why, this kind of forthright action is not taken with respect to the shipping strike. The government takes it now with the postal strikers, but it must feel that the shipping strike involves only the prairie farmers and that they do not have to be tough on labour consistently—they will be tough with the Post Office employees, but they will be easy with the employees involved in the Great Lakes shipping strike.

My statement today, honourable senators, is that the government should go forward and take immediate action to solve this shipping strike. For God's sake, let us hold our wheat markets; let us supply our customers; let the farmers get the money that rightfully belongs to them; and let the country have the strength that comes from these hundreds of millions of dollars of foreign currency that the wheat producers are earning.

● (1200)

**Hon. Sidney L. Buckwold:** Honourable senators, I want to make only a few remarks. I mentioned yesterday that I had had the privilege of being Co-Chairman of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service of Canada which reported about two years ago, and whose report will, I presume, eventually result in legislation to amend the Public Service Staff Relations Act. As co-chairman of that committee, I feel that I should like to say a word or two about the whole situation that has developed, as I was able to gain some insight, as a result of many months of hearings, into the workings of the relationship between the Government of Canada and its employees.

I was impelled to rise because of the rather sanctimonious presentation of Senator Asselin, representing the opposition point of view, in which he derided the government for acting too hastily—in other words, for giving the right to strike and then taking it away before there was any chance to reach a settlement. I noted the honourable senator as saying, "We don't like to see workers forced back to work." I would have liked at that point to ask him what he would have done if he

had been a member of the government—Heaven forbid!—faced with this particular situation. If he had responded honestly, as I am sure he would have, he would have said, "Yes, I think our government would have had to act in the same way."

I would remind Senator Asselin that in the report of the committee, which was accepted unanimously by members of his party, the following was said:

> Your Committee concluded that where the activities of the parties engaged in collective bargaining do not adversely affect the public interest, the collective bargaining process should be free to operate without intervention.

With that we would all agree.

> But when the public interest becomes adversely affected, Government and Parliament should be prepared to intervene.

That is exactly what has happened, and that is a situation that has been accepted by the members of his party who served on the committee. I think the only adverse vote in the committee was by an NDP member, who did not support this particular report.

I say that only to indicate the complexity of this kind of situation. I admire the government for moving quickly in what could become a serious national disaster. I take the opportunity of this occasion to ask the members of the Canadian Union of Postal Workers to obey the law, which will ask them to return to work. I hope that they respond co-operatively to this measure.

We have had evidence, even in our committee, of unlawful activity. Mr. Davidson, at that time the president of the union, appeared before the committee and indicated that he himself had called an illegal strike, but he went on to say that he did not want to act in an illegal way.

As I have indicated, I take this opportunity to plead with the members of the postal union to return to work and not try to develop a confrontation which would seriously affect labour relations throughout the whole country. At this time we are going through a very difficult period, with the termination of the AIB, when muscles are being flexed by employee groups and by management groups. We have to keep very cool during this transition period in order to bring ourselves sensibly and sanely through these difficulties. Having said that, I hope this bill will receive quick passage, and that the strikers will return to work.

In conclusion, may I just say that I feel the time has come when the government should be reviewing employer-employee relations again. There are many changed circumstances since the time our committee reported; there are new influences and there are new pressures. A new committee may come up with exactly the same conclusions. As you will recall, one of our major recommendations was to support the right to strike, because it seemed to have worked in the public service. That recommendation was agreed to by all the members of the committee. I think that has to be reviewed, not with the idea of removing the right to strike but with the objective of making it even more workable. As a committee we were concerned about illegal strikes and, as a result, suggested action by the government to increase the penalties, which suggestion is being reflected in this bill. As I say, these proposals were supported unanimously by all members of the committee except an NDP member. I hope the government will consider the establishment of a committee such as we had two years ago to take another look at the difficulties that prevail in employer-employee relations in the country today.

[*Debate continued later this day.*]

## GREAT LAKES SHIPPING

### STRIKE OF ENGINEERS AND DECK OFFICERS

**Senator Perrault:** Honourable senators, with respect to the Great Lakes shipping dispute, to which reference has also been made in the debate on the Postal Services Continuation Bill, with leave I would like to inform the Senate that I have just been advised by the Acting Minister of Labour that both sides in the Great Lakes shipping dispute have been called to Ottawa this afternoon in an effort to find a solution. The meeting will take place at 2 o'clock this afternoon with senior officials of the Department of Labour. Furthermore, the minister states that, if necessary, he is prepared to intervene personally in order to assist a settlement of this very serious dispute.

**Senator Grosart:** At this point it might be appropriate to remind honourable senators that that possibility was anticipated by the Leader of the Opposition last night, when he suggested that this might be a very good and sound reason, in the public interest, for delaying our consideration, and certainly passage, of the Postal Services Continuation Bill until today.

**Senator Roblin:** Honourable senators, I should like to thank the Leader of the Government for a very encouraging announcement. I was about to commence my speech on Bill C-8 with some words of support and appreciation of the appeal made by Senator Argue in respect of the Great Lakes shipping strike. I wish the government and the other parties well in their endeavour to settle this dispute this afternoon.

## POSTAL SERVICES CONTINUATION BILL

### SECOND READING—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator McIlraith for second reading of Bill C-8, to provide for the resumption and continuation of postal services.

**Hon. Duff Roblin:** Honourable senators, I thank the sponsor of the bill for a fair and factual statement of the immediate events that surround its introduction. In dealing with what is necessarily a distasteful but undoubtedly necessary bill, the words that must obviously come to mind are, "What a hell of a way to run a post office."

• (1210)

I have been assured by the parliamentary authorities on this side of the house—and I suppose that means Senator Gro-

sart—that this expression is perfectly parliamentary because he maintains that what it lacks in elegance, it makes up in vigour. Regardless of that, I think it expresses the truth. This is not a good way to run the Post Office. I suggest the general public would agree with the sentiment. I am sure the postal workers would agree with the sentiment, although I have a suspicion that the government's views are perhaps not quite so straightforward. But this is not an occasion for an extended disquisition on the problems of the Post Office in past decades, nor am I the man to give it. But I suggest it is an occasion perhaps for some sober second thoughts about the problem at hand, which might fit the character of this institution.

It seems to me that one of the principal observations that might be made with respect to this situation is that one thing we learn from experience is that we learn very little from experience. The recent history of the Post Office over the past 10 years is well known. We can hardly count on the fingers of both hands the number of Postmasters General we have had. The number of studies is a matter of dispute, probably reaching a score or so. Management changes have been frequent. According to the Canadian Chamber of Commerce's calculation, disputes in the postal service in the period from 1971 to 1976 have amounted to a total of 110 racking confrontations in that public service. We have a picture of a ramshackle organization, reminiscent of the one-horse shay: an organization, in the minds of some, that has had a reputation, a long history, as a Victorian industrial structure, attempting in these last few years—and perhaps this is the root of all the present troubles—to undertake a most sophisticated industrial task of introducing a new high technology to employees who have long been accustomed to manual operations and to labour-intensive conditions in the industry in which they serve. Everyone who has had anything to do with industrial relations recognizes this as a difficult problem to master successfully.

It has always struck me as extraordinary that this task in staff relations, to say nothing of the general problems of running an institution like the Post Office, should be carried out by an organization which seems to be curiously split with respect to responsibility, with respect to money, and with respect to policy. We have the people who are operating the Post Office living in a world of their own. When they get into problems with unions and talk about money, they have to go to the Treasury Board, another body that has no direct managerial responsibility, to find a solution, and on that question is superimposed the responsibilities of the cabinet to deal with policy in connection with the Post Office. When you take such a disorganized industrial structure, which would bring some trepidation to the heart of the stoutest manager, and you add to it the right to strike, as we have done, you have what I think is a guaranteed mixture for an explosion.

As a result of this situation, I contend that we have seen a decade of discontent—discontent among the general public and discontent among the staff. We see an institution which is going to run a deficit of some $600 million this year. In the last few years it has invested a billion dollars—that is a large sum of money—in new plant and equipment in order to modernize and become more efficient. Yet, according to calculations I have seen, it has actually achieved, with the investment of a billion dollars and the expenditure of all that time and effort, a decline in the efficiency of its operation—as measured by the number of pieces of mail moved per person in the Post Office—that amounts to 25 per cent.

Nobody who has to pay any attention to the bottom line would survive that kind of situation very long. So we have Bill C-8, and I suggest that it is a declaration of managerial bankruptcy on the part of the executive branch of the Government of Canada, and I think it is being interpreted by the workers of the Post Office as a declaration of war. Both sides are digging themselves in for a lengthy struggle.

The bill is a band-aid, and nothing more than that. It may very well strain the bonds of civil obedience, which has been referred to already in this debate, and it certainly provides no solution to the problems that confront us.

There is a ray of hope. In the Throne Speech we are referred to the possibility of a crown corporation. That is being waved around these days as a solution. That solution has been around for some time. I think it was in 1969 that the matter was first proposed. It does hold some promise of reform to the structure of the Post Office organization so that we can look forward to some degree of unity, of responsibility, of authority, of administration, of power in channels of authority, but we must recognize that it will still not be free from cabinet policies with respect to subsidies, postal rates, level of service and matters such as that.

The point I would like to make with respect to the crown corporation is that we must be careful that we do not look upon a piece of legislation as some magic cure to the problems that we are facing. The name may be different, but the people may very well be the same. There is no guarantee that a crown corporation, by itself, is going to produce any miracles. Indeed, there are several questions we have to ask ourselves in our approach to the problem of reorganizing the Post Office. One example is: What is the job worth? In my opinion, that is a question that has never been answered satisfactorily. We know what the union thinks it is worth, and we know what the government thinks it is worth. This is not an area in which a reasonable bargaining position is normally constructed because there do not apply to it the same sanctions that apply to ordinary private disputes between union and management. What is the job worth? We need some independent evidence on that question.

How are we going to reconcile the men and women in the Post Office to the problem of modernization? If we think that today, with this $1 billion investment in machines that are going to read numbers that we put on the bottom of letters, and expedite the handling of mail in that way—if we think that is a revolution in the handling of mail, what is going to happen when the electronic experts get hold of us? I suggest to this chamber that over the course of the next 10 years there will be remarkable changes to the means of communication now regarded as a postal service. If we have trouble in this situation today, what is it going to be like when the electronic

experts produce their miracles in the future? How are we going to restore union confidence and worker confidence in the good faith of the Post Office management, and the good faith of the government, with respect to their jobs because that, I suggest, is probably one of the great problems facing the Post Office at this time.

There is no climate of confidence between the parties—particularly on the union's side—with respect to the question of job security. How can you expect any man who faces the prospect of being displaced by a machine to not be concerned? It has been a program in industrial relations, as we know, since the industrial revolution began.

How can we get the management of this new structure to treat the workers in the Post Office as fellow workers? How can we induce some degree of industrial leadership, which we are entitled to expect from the management of an organization of this size? How can we get them out of the trenches and to abandon this attitude of industrial confrontation which many of us hoped had disappeared from the labour scene?

Bill C-8 is not going to help us much with this. It is an unhappy augury for continued troubles unless something serious is attempted. It is the climax of 10 years of failure to make an impression on the problems that we have been facing, and 18 months without a union agreement. If the crown corporation idea comes to fruition, I have some hopes for it because it does provide one very important thing. It provides a new chance, a fresh opportunity, an opportunity to bring the postal workers within the charmed circles of modern industrial relations which would end the problems we are experiencing now. To establish a new crown corporation with the same people, with no new policies or no new efforts to deal with the human side of this question, is not a very promising proposition in my point of view.

● (1220)

As a pre-condition to this sort of thing, we need to work out rules of conduct that will apply to both management and labour in this new structure so that our present problems are minimized. If we wish to see the Luddites off the premises, we must make sure that there are preventative measures which deal with the question of job security; and we must ensure that there is prior consultation and an honest effort put forth to reduce these points of friction so that the quality of service that the country needs and pays for is restored.

Many members of this chamber have more experience than I have in industrial relations. I must admit that my experience in dealing with problems within the public service and staff relations therein is relatively limited compared to other members of this chamber. However, I must say that when I was active in this field it was in a situation where there were no strike allowances made in the public service.

In my experience I did learn a thing or two. One is that if you treat people as equals and with respect, it is surprising how far they will come to meet you in finding a common solution. I found that if people are challenged with responsibility, the odds are good they will make an effective response. I also found that if there is an open-door between management and senior labour people, many problems which might otherwise blow up into matters of difficulty and concern may be solved in an amicable and friendly fashion. I hope that if the crown corporation comes into being, it might be inspired by an attitude such as this so that we can bring all parties to a more friendly and constructive frame of mind.

It is quite useless for some of us to say that we are fed up, and I suppose the Prime Minister is among those who say that. However, the public is not interested in whether we are fed up. They want to know what we are going to do about this. In my view the government has hesitated, temporized, fumbled and procrastinated with this issue long enough. If the Senate does pass this bill, and I for one am going to vote for it, I hope it will be on the clear condition that we expect the administration—which up to the present time is still in charge—to produce a radical and effective reform that will get Canada's mail moving regularly, economically and on time.

**Hon. David A. Croll:** Honourable senators, I do not intend to discuss the bill at length or speak about collective bargaining. My views on that subject have been known for years. However, there are two things that trouble me. I was present early this morning when we adjourned, but when I awoke this morning and heard the news I wondered whether I had been here or not. The first thing I heard was that the Senate had stopped the passage of the bill, and nothing beyond that. It appeared that the only wise ones in the country are those with the good old *Globe and Mail* who said that the Senate passed the bill, which indicates that they have great confidence in the Senate. The radio news report went across the country, and despite the fact that the Leader of the Government and the Leader of the Opposition had a discussion here this morning, it is a whisper for all purposes and will not be heard.

A second thing that bothers me is that there is some dangerous talk about defying the law. I don't know whether these are responsible people, but someone is talking about it and it troubles me. It is important that the members of the Senate convey to the people of Canada the fact that the Senate had good reason for not approving the bill earlier this morning, and that the Senate is unanimous in supporting the bill.

**Hon. Jacques Flynn:** Honourable senators, I wish to insert a word or two here because of a remark made by Senator Buckwold. I think he mentioned that the report of the committee which he co-chaired favoured intervention by Parliament when the public interest is at stake. I hope he does not go beyond that to suggest that we should always intervene in an ad hoc way. There should be some mechanism to ensure that Parliament does not deal with problems of that kind in a certain manner on one day and in another manner on another day, and to prevent having five or six bills every session dealing with emergency situations.

The Labour Code or whatever legislation applies in this case should provide means to prevent that. I agree with Senator Roblin's point that there are difficulties in this particular area, but this is not the only area where Parliament has had to intervene.

I hope Senator Buckwold does not suggest that the report of which he speaks promotes the idea that Parliament should intervene on an ad hoc basis.

Finally, I should tell Senator Croll that I was on the news at 8 o'clock this morning. Perhaps he does not listen to the better type station that interviews guys like me, but I explained what happened in the Senate. I think my explanation was clear. I join him in telling the people of Canada that the Senate is unanimous in asking the workers to go back to work, and we are confident they will respect the will of Parliament even if they detest the government.

**Senator McIlraith:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator McIlraith speaks now his speech will have the effect of closing the debate on second reading of the bill.

**Senator McIlraith:** Honourable senators, I listened attentively to the views expressed by the honourable senator opposite from Stadacona, the honourable senator from Saskatoon, the honourable senator from Red River, the honourable senator from Toronto-Spadina, rather briefly, and the Honourable Leader of the Opposition, the senator from Rougemont.

They all expressed themselves eloquently, but I was slightly troubled by some of their remarks in that they discussed subjects of the utmost importance—subjects which I would dearly like to debate—but which veered on being not quite relevant to the bill before us. The honourable senator from Stadacona discussed in a general way the Public Service Staff Relations Act, and he made some general remarks of considerable interest on it. Other members followed up on those remarks.

• (1230)

I do not propose to attempt to answer all the wide-ranging points raised by honourable senators. I would like, however, to draw the attention of the Senate to one or two paragraphs in the Speech from the Throne in connection with the work being done with a view to bringing forward amendments to the Public Service Staff Relations Act, which are as follows:

> The Government is committed to continued wage restraint in the public sector. You will be asked to approve amendments to the Public Service Staff Relations Act to ensure that compensation in the federal public service remains in step with the private sector, and does not lead the way.
>
> You will also be asked to enact legislation making the Post Office a Crown Corporation, with a view to making postal services more efficient and responsive to public needs.

While both of these subjects are of major concern to the Senate, honourable senators will understand if I do not follow the attractive course of digressing into a debate on them today. That can take place during the debate on the motion for an Address in reply to the Speech from the Throne, or when the measures in question are before us. The bill before us now is quite specific and narrow, if I may use that term, in its application. It is concerned with the particular dispute that is going on now between the Post Office and the Canadian Union of Postal Workers, and nothing else.



I was particularly pleased to hear the Leader of the Opposition say that he wanted this bill to go forward with the unanimous support of this house. However, I noted that the spokesmen for the official opposition in the Senate on this measure went a long way to indicate the opposition's disapproval of it. Quite frankly, that puzzled me. I thought all honourable senators, however much they might dislike having to legislate an end to such a strike, thought it necessary to do so in the circumstances in which we find ourselves. I can only assume that the spokesmen for the opposition on this bill, including the honourable senator from Red River (Senator Roblin), when the latter made the statement that the government "hesitated, fumbled and procrastinated," were suffering from euphoria or a light case of over-enthusiasm as a result of having heard on Monday evening what to them was good news, and not anything relevant to the bill. I hope that my assessment of the reason for their over-enthusiasm in attacking the government on this particular measure at this particular moment can be explained in that way. If so, I, for one, would be quite prepared to forgive them, but I did not feel their criticisms should pass unnoticed. Such criticism, indeed, is not justified in the circumstances.

I do not think there is anything else I can add at this time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

**Senator McIlraith:** Honourable senators, I propose asking the Senate to commit the bill to a Committee of the Whole, and, in accordance with rule 18, invite the Minister of State for Urban Affairs and Acting Minister of Labour to take a seat in the Senate chamber to answer any questions with respect to this legislation.

Therefore, I move, seconded by the Honourable Senator Cook, that the bill be committed to a Committee of the Whole later this day.

Motion agreed to.

**Senator Perrault:** Honourable senators, so as not to interrupt the continuity of the appearance of the Acting Minister of Labour before the Committee of the Whole, I would propose that the Senate now adjourn during pleasure to reassemble at the call of the bell at approximately 2 o'clock p.m.

The Senate adjourned during pleasure.

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• (1400)

At 2.15 p.m. the sitting was resumed.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was adjourned during pleasure and put into Committee of the Whole on Bill C-8, intituled: "An Act to provide for the resumption and continuation of postal services," the Honourable Senator Bourget, P.C., in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable André Ouellet, P.C., Minister of State for Urban Affairs and Acting Minister of Labour, was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, on behalf of all members of the Senate I should like to extend to the Minister of State for Urban Affairs and Acting Minister of Labour a most hearty welcome to this house. I understand that the minister will make some opening remarks and then he will be ready to answer such questions as members of the Senate might like to ask.

**Hon. Mr. Ouellet:** Thank you very much, Mr. Chairman and honourable senators. I should like at the outset to indicate that the government tried to come to a negotiated settlement of this dispute. Indeed, during the course of the time allowed for the negotiations strenuous efforts were made to arrive at such a settlement, but it became apparent that the parties were very far apart and that the chances of a negotiated settlement were very, very slim. Normally negotiations of this kind that fall under the Public Service Staff Relations Board are dealt with under the auspices of another branch of the government, and the Department of Labour is not involved. In this case at the request of the parties the Department of Labour became involved in the discussions with representatives of the Canadian Labour Congress in order to explore all possible avenues that might lead to a settlement. These talks were held during the weekend and on Monday. As it turned out, these last-ditch efforts were not successful. I might say that I feel it is very regrettable that we have had to go to this extreme of asking Parliament to act to bring about an end to a labour-management dispute.

You have before you a bill which proposes a course of action which still allows for the possibility of mediation. We are using a technique which is called the mediator-arbitrator concept, and this concept is one that has been used successfully on numerous occasions in the United States. It has also been used with some success in Canada, more recently in relation to the dispute with the grain handlers in western Canada and also with the longshoremen in Montreal. It provides for the parties being assisted by a very skilled mediator who has the power to act as arbitrator if that should become necessary. By virtue of his role as mediator, the parties still have the opportunity to carry out the negotiation process.

We have said in this bill that the mediator-arbitrator, while he will obviously try to bring the parties to a negotiated agreement, if he is not successful in his ventures, will act as arbitrator and will come forward within 90 days with recommendations that will form a collective agreement and that will be binding on both parties. That is the main feature of the legislation now before you.

Naturally I shall do my best to answer any questions that you may wish to ask and I shall be happy to listen to suggestions made by the honourable members of this house.

**The Chairman:** Thank you very much, Mr. Minister. I presume that members of the Senate would like to ask questions, and it may be that they would wish to leave the title and the short title of the bill for consideration later. So is it agreed that we should leave those clauses so that members of the house may ask general questions about the legislation?

**Hon. Senators:** Agreed.

**Senator Grosart:** Might I ask the chairman if it is the intention following the general discussion to consider the bill clause by clause?

**The Chairman:** I presume that will be the procedure to be followed, unless there is some objection. The way we normally proceed with the study of a bill is to take it clause by clause after general questions have been asked.

**Senator Grosart:** The reason I ask is that this procedure would separate the general questions on the legislation from those relating specifically to individual clauses.

**The Chairman:** Shall clause 2 carry? Are there some general questions to be asked on this clause?

[*Translation*]

**Senator Asselin:** Honourable senators, I have a question to put to the minister, a comment to make. I will make it in French as we are both French-speaking and we might be able to understand one another better.

In the course of the debate on second reading I pointed out to my colleagues that what surprised me most in the attitude of the government, the Post Office, and the Department of Labour, was that a group, the postal workers, a group of employees in the public service, was given the right to strike legally and, as far as I know, in this case it did become legal after the necessary delays had run out, so the strike the postal workers are or could be engaging in is a legal one. So how can he explain that even before that legal right to strike could be used by the postal workers, because the strike—and everyone knows it—is a means of pressure which exists in our statutes recognized by Parliament, so how is it the government thinks it has to introduce special legislation so quickly to tell the postal workers: You are not going to strike; even if you have the right to do so, you are not going to? You are not going to have that strike. So why not wait until the postal workers can use a legally obtained right to strike without abusing it? If they abuse it, well, the government could step in and tell them, listen, you are going too far. Your action can cause a lot of damage to the Canadian economy. It is regrettable that you did not understand but you are forcing us to pass special legislation which could be that which is before us today.

Is it not true that by introducing special legislation before Parliament today this could be an element of provocation against postal workers. Considering that they have obtained the right to strike legally, this could be an element of provocation which might incite them to disobey the legislation—

something which we would seriously deplore—or might not facilitate future negotiations which could take place between your legally designated mediator-arbitrator or spoil relations with your department and the Post Office.

● (1410)

**Hon. Mr. Ouellet:** With your permission, Mr. Chairman, I will reply briefly to the two points raised by the honourable senator.

The first concerns the effect of introducing this bill too early and of not allowing the postal workers to use their right to strike for a certain time.

I must remind the honourable senator that postal strikes have disturbed postal operations many times in Canada these last few years; that this situation has brought about a significant decrease in the effectiveness of the Canadian postal service; and that, quite recently, another group of employees, the Letter Carriers' Union of Canada, used its right to strike for a few days. The mediation was finally successful and the letter carriers accepted and signed a new collective agreement. But they had used their right to strike for a number of days and this brought about a suspension of postal operations.

I should add that, in fact, postal operations have been disturbed for a few days already in certain areas of Canada, especially in Montreal and certain cities in the province of Quebec, where the postal workers have been using *de facto* their right to strike for four or five days.

**Senator Asselin:** They are entitled to do so.

**Hon. Mr. Ouellet:** No one is saying that they are not entitled to use their right to strike. This is the law. The postal workers have the right to go on strike and they have done so. What we must determine is for how long someone who is entitled to go on strike can stay on strike. There is no law that states that a strike must necessarily last for a minimum number of days. The law says that the Post Office employees have a right to go on strike.

What is important for the government, and not only for the government but also for members of Parliament and senators, is to determine when the public interest should have priority over individual rights. In view of the postal situation, in view of the importance of the postal service for millions of Canadians, and in view also of the important economic effects that suspension of the postal service can have on the Canadian economy, the government therefore decided to introduce a bill which places the collective interest above individual rights.

This is why the bill has been introduced at this stage. There was no question of taking the right to strike away from postal workers. They exercised their right, but in the public interest we consider that they exercised it long enough.

As for the second question, whether this legislation might be considered as a provocation, I think we can give it several interpretations. The honourable senator may take it as a provocation. Personally, I believe that the best interpretation we can give of any Canadian Parliament legislation is that it is passed in the best interest of the community, which only demonstrates that members of Parliament are facing their responsibilities towards public opinion.



**Senator Deschatelets:** As concerns the request of Senator Asselin, I understand that the minister had the opportunity to discuss with union leaders a few days ago. So, is it true that at this time there is a conflict over several issues? For instance, there is the issue of wages and technological changes. There are also a considerable number of grievances. A figure of 50,000 has been mentioned. Furthermore, you realized that there was serious disagreement on those issues and that it was impossible to deal with them in a relatively short period. Is it true?

**Hon. Mr. Ouellet:** Yes, the honourable senator is perfectly right. There is no doubt that during our discussions with union representatives we did suggest two possibilities. The first was to appoint a mediator-arbitrator who might eventually render a final decision. It seems that the union raised some objections about this proposal. Then we suggested an immediate return to negotiations and the appointment of a mediation commissioner who might be required to help parties in the negotiation of a collective agreement.

But we pointed out to the union representatives that, to give a chance to the mediation commissioner or mediator-arbitrator, this should be done in the absence of any pressure or any threat from either side. We then said to the union that we would require the government to put aside its intention to have legislation passed in Parliament to force workers to go back to work, but that, on the other hand, we would expect the union leaders to urge their members to go back to work while this mediator would do his job. It became obvious that this condition which we wanted from the employer and this other condition which we wanted to impose on the employees could not be accepted by the union's representatives. In those circumstances, it seemed impossible to make progress and get a fruitful mediation in a short while. We were facing very long negotiations which would bring about a disruption of postal service for several weeks.

**The Chairman:** Senator Flynn.

**Senator Flynn:** Mr. Chairman, I would like to ask the minister a question, in view of what he has just said, since he seems to be saying that the government is holding its position that the right to strike in the Public Service should be retained on the condition that it be exercised in a certain way. Is the minister suggesting for instance that if a union, instead of exercising its right over a certain period of time, were to use it only in a sporadic way, that is, one day here and one day there, the government would not intervene? Is that, in his mind, the kind of right to strike the government has extended to members of the Public Service?

**Hon. Mr. Ouellet:** That is not at all what I said. I think that the honourable senator should understand that the right to strike granted to public servants is used in many ways by various unions and that each case must be considered as it occurs.

We cannot have an overall and similar approach in every case. We must allow each member of Parliament, or each government member, to evaluate a given situation as it occurs. The right to strike does exist and as far as I know the legislation to that effect has not been amended. So we must consider each situation as it arises.

We have before us a very precise case, that is, postal workers who use their right to strike, and the government feels that it is important under the circumstances to introduce legislation which provides for resumption and continuation of postal services at this time. That is why we have this piece of legislation.

**Senator Flynn:** I understand the reason, but what I mean about the employee is that it is quite important that he understand the government's intention when it gives him the right to strike. You say he can exercise it even if he misuses it? Where do we draw the line? You say that the government will decide in some cases and the employee does not know what kind of decision the government is going to make. This is what I want to know. Do you consider that if this right were exercised reasonably you would not step in? It is a matter of government policy. Parliament must make a decision about the bill now before us, I agree. I think that by the unanimous vote on second reading we have agreed to tell the postal workers to go back to work. However, what I would like the minister to clarify is what line of action he recommends to those postal workers who have the right to strike. What standards in the application of this right would save Parliament from stepping in at the first occasion? Is harassing only tolerated? The government does not consider acceptable a full right to strike because each time such a right is exercised Parliament is asked to take action.

● (1420)

I would like to know if the government has any policy on that question. You simply say that you will judge each case as it comes. As far as the government-employer is concerned, it is only a matter of opportunism.

**Hon. Mr. Ouellet:** I think the honourable senator tries to take advantage of a particular case to draw a general policy.

**Senator Flynn:** There is none.

**Hon. Mr. Ouellet:** I must remind him that staff relations in the public sector have changed a lot over the years. Obviously, one cannot draw the same parallel between the right to strike in the private sector and in the public sector.

The honourable senator must know and understand that in a dispute in the private sector only one employer and a certain number of employees are involved. In many cases, it does not affect any third party. But the situation is very different when we talk of the right to strike in the public sector, in cases of a dispute between the government, as employer, and its employees; the people who are most affected, not the people involved but the people most affected, are the general public. It is this third party who suffers most and who is, in a manner of speaking, made a victim or a hostage of this situation.

Under such circumstances, the employer, who is both employer and government, has a very delicate and weighty double responsibility. At some point he must say that in the public interest, because as government he must be concerned with the public interest, he must submit to Parliament a course of action which satisfies not exactly private interests but general interests as well. In this instance, I would ask the honourable senator not to draw broad conclusions because, I repeat, each case must be judged on its merits and in light of surrounding circumstances. However, in this case, the government believed that public interest required passage of this legislation, at this time.

**Senator Flynn:** Mr. Chairman, could the minister tell us if, in his view, in the area of postal service, it would be possible to have a situation where strike action would not affect the public, yet that right to strike could be maintained for the employees? More directly, does the minister or the government seriously believe that in an area where the public will in any event suffer, the right to strike should be maintained, if only in principle, subject to an *ad hoc* decision?

**Hon. Mr. Ouellet:** I wonder if the honourable senator is not trying through his question to reflect his own party's policy on the issue.

**Senator Flynn:** No, not at all.

**Hon. Mr. Ouellet:** In any case, it is clear to me that in the issues at hand, that is, Post Office employees where there are many unions—not only the Postal Workers Union but numerous others—that those unions enjoy the right to strike and some of them have exercised it on occasion, that there have been settlements, often before the right to strike was exercised, and often after it has been exercised for some days. It is therefore possible to say, to answer the honourable senator's question, that postal workers or other postal employees belonging to other unions may on occasion exercise the right to strike. This has occurred in the past and may occur again in the future without endangering the public interest, the public good. Therefore in this case it seems to us, and this is a matter of opinion—the honourable senator may feel the strike should go on. That is for him to say.

**Senator Flynn:** I have suggested the opposite.

**Hon. Mr. Ouellet:** However, it is the government's position that the time has come to legislate these employees back to work.

**Senator Langlois:** Mr. Chairman, although my question concerns mainly clause 5, I would like to put it at this stage of general questions, believing as I do that the answers I will be receiving from the honourable minister will allow us to place the problem into a more realistic context, because up to now in this debate many honourable senators have been wondering what efforts, what attempts have been made to date to try and prevent getting into this impasse. Because with clause 5 we are reviving a collective agreement that ceased to exist in July 1977, we are maintaining that agreement for a period of two years and a half. I would like to know, the better to assess what we are asked to do today, the remedy we are asked to enact,

what attempts, what efforts were made, by both government as employer and the employees, to try to prevent getting into this impasse and the need for the legislation now before us?

**Hon. Mr. Ouellet:** Mr. Chairman, I have here some notes in English. I might read them.

● (1430)

[*English*]

First of all I should like to say that, as the honourable senator has just mentioned, the previous collective agreement between the Canadian Union of Postal Workers and the Treasury Board expired on June 30, 1977. In the early months of 1977 several pre-negotiation meetings took place between the parties, but without any progress being made. On May 4, 1977, the union served formal notice to bargain, with Treasury Board replying immediately, on May 6, 1977. The first formal meeting, which took place on May 19, 1977, lasted one hour and was the only one for several months.

On November 30, 1977, the employer filed an application with the Public Service Staff Relations Board for the appointment of a conciliation board. The conciliation board was created, and Mr. Louis Courtemanche was appointed chairman on February 2, 1978. Previously, at the end of December, Mr. Roy Heenan, on behalf of management, and Mr. Irving Gaul, on behalf of the union, had been named to the conciliation board.

There were many public conciliation hearings from April through July, 1978. Closed conciliation sessions involving both parties began on July 18, 1978, and continued through to the end of the month. During these extensive conciliation board proceedings the parties were able to agree to only a few minor clauses.

On August 16, 1978, the union gave notice that it wanted the conciliation process to be terminated, and asked the board to prepare its report. The conciliation board handed down three separate reports, which were released to the parties on October 6, 1978. The lack of agreement by the three members of the conciliation board is an indication of the intense feelings of the parties, and of the wide differences between them on a large number of very complex contract items.

Notwithstanding the very exhaustive efforts of the conciliation board from April to August, 1978, little was achieved in the way of bringing the parties closer to agreement, and since the handing down of the three separate board reports it has become apparent that a very wide gap between the parties still exists.

As honourable senators know, there have been interventions at the official level by the Department of Labour, and, in fact, meetings took place between officials of the Department of Labour, myself and representatives of the union. Present at those meetings, with the object of further encouraging a negotiated settlement by the inclusion of other third parties, was a representative of the Canadian Labour Congress in the person of its vice-president. She participated in some of our discussions at that time. Unfortunately, we could not arrive at any positive, conclusive decisions.

[Senator Langlois.]

This was the timetable of the events leading to this impasse. Obviously, the government did not want to legislate the employees back to work, and the government still does not favour this route as being the best one. We still believe that a negotiated settlement is the best way to deal with labour-management disputes, and we are convinced that by suggesting to Parliament in this piece of legislation that it appoint a mediator-arbitrator, we are still keeping open the possibility of arriving at a negotiated settlement between the parties in the near future.

● (1440)

**Senator Greene:** In light of the alarming statements already issued by some of the locals that whether this bill becomes law or not they do not intend to obey it; and in light of the fact that under our constitutional practice the prosecution of offences, including offences even under the Criminal Code or other quasi-criminal statutes, are normally under the authority of the provincial attorney general, if there be an offence under this act, will it be the intention of the government to ask the attorney general in the province where the offence occurs to prosecute or to determine whether he should prosecute, or is some other course envisaged?

**Hon. Mr. Ouellet:** I very much appreciate the question of the honourable senator, but I should like to approach the situation thinking positively; that is, that the union, the union leaders, and the employees of the Post Office will respect an act of Parliament and will obey accordingly.

[*Translation*]

**Senator Beaubien:** Mr. Chairman, I wonder if the minister would give us an idea of the salaries paid to the postal workers and tell us what these people are asking for, what we should give them and at the same time could he give us an idea of the salaries paid to employees in the public sector who do similar work? I have never heard these points being mentioned and it seems that it would be very interesting if he could give us such an idea in order to know what we are supposed to do.

**Hon. Mr. Ouellet:** Mr. Chairman, I think the honourable senator will find the pay scale in the documents regulating the Post Office employees. It would be rather difficult for me at this time to give you a detailed list of the wages of all the employees. I see that Senator Asselin is handing you a copy which probably will give you some idea of that kind of pay scale. However I would want to point out to honourable senators that salaries in this case do not seem to be one of the main issues. Of course, salary issues always represent an important element in collective agreement bargaining but as you know, under an act of Parliament, namely the Anti-Inflation Act, this collective agreement so far as the first part is concerned—that is, up to December 31, 1978—is regulated by and comes under the Anti-Inflation Act.

Therefore, everybody and both parties know full well that there are statutory limits imposed on salaries.

The points of controversy have to do with the introduction of mechanization and automation in postal operations. Also at issue are job classifications and some decisions related to the

administration of postal operations. All these questions cannot be dealt with under the Public Service Staff Relations Act. The body which manages industrial relations in the Public Service is governed by very specific laws under which some of the demands of the postal workers of Canada are not negotiable. When the postal services are turned into a crown corporation they will no longer be governed by the Public Service Staff Relations Act but by the Canada Labour Code, and some of the claims of the workers will then become negotiable items. But at the moment that is not the case.

**Senator Beaubien:** But what is a postal worker earning? That is all I am asking you, what does he want to earn per year?

**Hon. Mr. Ouellet:** I think that the postal workers of Canada, that is, the Union of Postal Workers of Canada, come under a dozen classifications and obviously I cannot tell you what the average salary of these employees is but it seems to vary between $13,000 and $16,000.

**Senator Beaubien:** And what do they want? How much do they want to earn? And would the minister tell us what in his opinion is the salary of employees working in the public sector in similar occupations?

**Hon. Mr. Ouellet:** I had asked someone to check the salary scale. I am sorry but I am not the Postmaster General and I am not familiar with these details but I will give you an answer in a moment.

**Senator Langlois:** Mr. Chairman, on the same subject, would not the honourable senator who asked the question be satisfied if we were given the percentage of the raise which has been asked? It might be easier to get an answer.

**Senator Beaubien:** Has the minister no idea of what these people earn?

**The Chairman:** I understand that the minister and the official who is helping him now are going to look into the matter and give a satisfactory answer, I hope.

[*English*]

**Senator Grosart:** I should like to follow up on Senator Greene's question. I sympathize, of course, with the position taken by the minister. He hopes, as we all do, that the postal workers will obey the law if and when this bill becomes law. On the other hand, there have been reports in the press that the workers may be advised or directed to disobey the law.

We are aware of the minister's statement that it is the intention of the government to give effect to the recommendations of the joint committee which studied the matter of public service staff relations, and I quote his words:

> The government, therefore, proposes that the intent of the joint committee's proposals on prosecution for unlawful activity be incorporated into this act.

I presume he is referring to an amendment to the Public Service Staff Relations Act. *Hansard* is not clear as to what act he is referring. We are aware that these recommendations have not been incorporated into any act of Parliament at the moment. I would ask him, therefore, if the government has anticipated the possibility of unlawful disobeyance of the law of the land in this matter, and if it has plans or a program to deal with that situation should it occur.

• (1450)

**Hon. Mr. Ouellet:** The amendment to which the honourable senator refers has to deal with recommendations that were made some time ago by a joint committee of this Parliament, which committee indeed pointed out some of the deficiencies of the Public Service Staff Relations Act, and recommended some amendments in relation to the fines that could be imposed. Therefore, when we decided to introduce this piece of legislation we took into account the recommendation made by the joint committee and increased the fines accordingly. I must add that this bill does not amend the whole Public Service Staff Relations Act. It amends the act only in relation to the employees who fall under this collective agreement, and nobody else but these people.

I want to treat the subject of disobedience as a political question. I reiterate that I hope it will be only a political question, that it will not become a reality. I have confidence that after the passage of this bill the employees will realize that it is in the best interests of the land to have postal services in active operation in Canada, and that it is in the best interests of the employees themselves to obey the law and take full advantage of this mediator-arbitrator, who could bring about a good negotiated settlement.

**Senator Grosart:** In view of the minister's answer, could he tell us if in his opinion the changes that are made by clause 10 to the existing situation indicate as far as the government intends to go in the matter of prosecution for unlawful activities? As I understand it, clause 10 refers only to the penalties, not to the type and kind of prosecution that might be found effective in the event of unlawful disobedience.

**Hon. Mr. Ouellet:** Let me say two things. Clause 10 includes penalties which follow directly those recommended by the joint committee. The joint committee also envisaged a single stage process whereby prosecutions would be before the Public Service Staff Relations Board. Since it will not be physically possible to set up exactly this process in the short time available, the government is now proposing that a single stage process be provided by eliminating for offences under this bill the necessity for consent to prosecute. That is another aspect of the recommendations of the joint committee that has been taken into consideration.

**Senator Grosart:** Will other recommendations of the joint committee in this area also be taken into consideration?

**Hon. Mr. Ouellet:** Indeed, the government has indicated on previous occasions that it will be bringing forward comprehensive amendments to the Public Service Staff Relations Act, which will include responses to the numerous recommendations of the joint committee concerning prosecutions and penalties for unlawful activities. This should come in the near future.

**Senator Grosart:** In view of the fact that there seems to be a general feeling around the country that there must be a better way than the one before us to settle industrial disputes in the public sector, and that the "schedule of events," to use the minister's phrase, leading up to the present impasse goes far beyond the last year or so—in fact, one can trace it back clearly to at least ten years ago—among the amendments that are under consideration by the government, would one include an implementation of the recommendation of the Woods Commission that there be set up a Public Interest Disputes Commission to deal with this situation? There are many who feel that the present situation may well have been caused by the failure of the government to act on many of the very sensible recommendations of the Woods Commission ten years ago.

**Hon. Mr. Ouellet:** I don't think we could draw from the circumstances in one case the conclusion that the government has failed. There have been hundreds of negotiated settlements within the Public Service, more particularly under the Public Service Staff Relations Act. There have been hundreds of cases where in fact good, constructive collective agreements have been signed. I did not hear the honourable senator saying that the government has not been successful.

**Senator Grosart:** Perhaps the minister would allow me to clarify that. I am quite sure I said that the government had failed to implement some of the recommendations of the Woods Commission. I will reserve my opinion on whether I believe that overall the government has failed in the matter of settling disputes in the Public Service.

**Hon. Mr. Ouellet:** I can assure the honourable senator that the recommendations of the Woods Commission are under active consideration.

**Senator Macdonald:** I should like to ask two questions. First, would the bill prevent a legal strike being called in a limited sense; say, for instance, a rotating strike or a strike in the Toronto sorting office? Secondly, I understand that one of the issues in dispute is that automation or technological changes cannot be negotiated under the present law, but they could be negotiated under the Public Service Staff Relations Act, and that is one of the reasons why they want this crown corporation. Is it illegal to negotiate such technological changes or suggest that they won't do it because they don't have to do it? Thirdly, if it is illegal, would the arbitrator have the right to negotiate such changes?

**Hon. Mr. Ouellet:** Some aspects of technological change have been brought before the Public Service Staff Relations Board. Indeed, some of these very points have been referred by Mr. Brown, the Chairman of the Public Service Staff Relations Board, to the conciliation board chaired by Mr. Courtemanche. Mr. Courtemanche has dealt at length with some aspects of article 29, which is the article of the collective agreement which deals specifically with technological change.

● (1500)

As I indicated earlier, the conciliation board's report was not unanimous; quite the contrary. There were three members of the board who produced their own report. Because this aspect has been referred to the conciliation board by the Public Service Staff Relations Act, it will therefore be the prerogative of the mediator-arbitrator to look at these questions, and he could indeed come forward with some recommendations that would be binding upon the two parties.

**Senator Macdonald:** Would you care to express an opinion as to whether this act prevents the calling of a strike in one post office?

**Hon. Mr. Ouellet:** The Public Service Staff Relations Act deals specifically with slowdowns, partial strikes and rotating strikes. This is dealt with outside the collective agreement itself and, therefore, to do such a thing is unlawful according to the Public Service Staff Relations Act.

**Senator Connolly (Ottawa West):** Mr. Chairman, may I ask a supplementary question?

**The Chairman:** Yes.

**Senator Connolly (Ottawa West):** Perhaps I should take a minute to explain my difficulty. Clause 5 extends the term of the collective agreement to December 31, 1979, as it exists but I assume also as modified in the future by the mediator-arbitrator. In the first subsection of clause 6, a mediator-arbitrator is appointed "who shall (a) forthwith endeavour to mediate"—I think everybody understands that quite well—and "(b) where he is unable to bring about agreement . . . render an arbitral award in respect thereof."

The minister has said that the award will be binding on all the parties involved. There is no definition of the words "arbitral award" in the bill. It may be that the binding effect arises out of provisions in the Public Service Staff Relations Act which are referred to in subclause (2), but I see nothing specific in the bill about the binding character of the work that the mediator-arbitrator might do under subclause (1) of clause 6.

**Hon. Mr. Ouellet:** Mr. Chairman, in answer to the question by the honourable senator, I would like to refer him to one of the very first definitions existing in the Public Service Staff Relations Act, the definition of "arbitral award." It is strictly an award that has been given by an arbitrator appointed under section 62 of the Public Service Staff Relations Act, and that indeed qualifies the role and the responsibilities of an arbitrator.

**Senator Connolly (Ottawa West):** It does not say whether it is binding or not.

**Hon. Mr. Ouellet:** Oh yes, it does say it is binding in relation to when an arbitrator is appointed with that mandate to bring about a collective agreement.

**Senator van Roggen:** Mr. Minister, although I will vote for this bill in the circumstances, I find great difficulty in supporting the concept, on the one hand, that public servants, particularly in essential services, have the right to strike and then, on the other hand, going through the charade, after only one day's strike, of taking it away from them. It seems to me that labour is ill-served by this whole procedure.

Another point I would make is that it is unfortunate that we so often refer to public services rather than essential services. Surely it is essential services that are vital to the nation. Such services are provided by both the private sector and the public sector. I would submit, Mr. Minister, it is high time that we face the fact, at least at the level of federal government, that the right to strike in essential services—and I stress that word "essential" as opposed to "public"—is basically a charade, because as soon as the country is tied up we have to call Parliament together to do something that should not be Parliament's function. I wish to put this on the record. I do not want your detailed answer. I will have another question for you in a moment. But I think it is high time that Parliament had something to say about this rather ridiculous charade we are asked to go through every once in a while.

I would suggest that in areas of essential services, whether in the private or public sector, legislation should provide for an independent tribunal that would establish what level of service is necessary to be maintained in order to provide an essential service. A simple example would be four ferries running every day from A to B, and the ferry workers go on strike. Perhaps two of those ferries could provide the essential service. If the postal workers are to have the right to strike, an independent tribunal might decree that an essential service can be maintained by requiring that first-class mail, and not junk mail, be moved.

In any event, I simply wish to go on record as objecting to the foolishness I am asked to participate in of supporting the principle of the right to strike in the public service, which principle does not serve labour because, of course, they have no such right. The nation cannot stand it, so we are called together to pass legislation such as this within one day of the strike taking place. These are observations that I hope you will carry back to your confrères.

Section 10 of this bill prescribes quite substantial fines for disobeying its provisions, but nothing is said about terminating the employment of those who disobey and go on strike. I would like to know whether there is sufficient provision in the Public Service Staff Relations Act to enable you to terminate the employment of those people who disobey, as opposed to only fining them.

**Hon. Mr. Ouellet:** I can answer that question very briefly. In the Public Service Staff Relations Act—not in the bill that honourable senators have to deal with today, but under the general legislation that governs employees of the government—there are provisions to that effect.

**Senator McIlraith:** Honourable senators, the bell in the other place is ringing for a division. This raises an embarrassing question that I want to draw to the attention of the house, and that is whether we wish to let the minister leave for a few minutes in order to vote, or whether we wish to continue.

**The Chairman:** We should ask the minister what he would like to do. It is not for us to decide.

● (1510)

**Senator Flynn:** The government is safe.

**Hon. Mr. Ouellet:** I know that honourable senators would want to do their duty, so as a member of the other place, and since there is a vote, I think it is one of my prime responsibilities as an elected representative to vote.

**Senator Grosart:** Hear, hear.

**Hon. Mr. Ouellet:** I do not wish to inconvenience the Senate, though.

**Senator Flynn:** If you want to vote, go and vote.

**The Chairman:** We can adjourn now and ask leave to sit later. It depends on how long you will need.

**Hon. Mr. Ouellet:** It is a recorded vote on the Speech from the Throne, and should be finished in 15 minutes.

**Senator Grosart:** I should like to assure the minister that he will be welcome back regardless of which way he votes.

**Senator Langlois:** In the meantime, could we proceed with the debate on the Speech from the Throne?

**Senator McIlraith:** I move that the committee rise, report progress, and ask leave to sit again.

**The Chairman:** It is moved by Senator McIlraith, seconded by Senator Cook, that the committee rise, report progress, and ask leave to sit again. Is it your pleasure to adopt the motion?

Motion agreed to.

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**The Hon. the Speaker:** The sitting is resumed.

**Senator Bourget:** Madam Speaker, the committee to which was referred Bill C-8, to provide for the resumption and continuation of postal services, has taken the said bill into consideration, had made some progress thereon, and asks leave to sit again.

**The Hon. the Speaker:** Honourable senators, when shall this committee have leave to sit again?

**Senator McIlraith:** Later this day.

**The Hon. the Speaker:** It is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Cook, that the committee have leave to sit again later this day. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

## BUSINESS OF THE SENATE

**Senator Perrault:** As was suggested by the deputy leader a few moments ago, and if it is convenient to the Senate, I am prepared to contribute to the Throne Speech debate now because I must be absent from the chamber tomorrow. When the minister returns, we can hear him or make other arrangements.

**Senator Flynn:** How long will you be?

**Senator Perrault:** It will not take too long to refute the points advanced by the opposition.

**Senator Flynn:** Very often you are entirely irrelevant.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. Raymond J. Perrault:** First of all, I should like to join other honourable senators in expressing my gratitude to His Excellency, the Governor General of Canada, for his splendid and outstanding contribution during his years of service. He has been a great asset to all of us and, together with his wife, has served us with great distinction. In the Throne Speech the Governor General indicated that he may retire in the near future, and I must say that we regret this decision.

Honourable senators, I would like to add to the tributes already paid to Madam Speaker. She continues to perform her duties with efficiency and grace. She is an outstanding speaker and representative of the Senate. In addition to her work on behalf of all of us here, her ambassadorial efforts—or however one describes those duties these days—to innumerable groups, and her warmth, knowledge and vivacity, have made the Senate many friends. For this she has our double appreciation.

Next, I congratulate the Honourable Senator Rizzuto, the mover of the motion for an Address in reply, and the seconder of the motion, Senator Bird. Both made speeches rich in reason and compassion. As newer senators, they underlined the fact that their appointments and others in recent months have been appointments of great merit.

As well, all of us welcome the presence here of more opposition representation because excellent appointments to the ranks of the opposition have been made recently, which brings me to our friend and colleague, the Leader of the Opposition. He is not a new boy. Indeed, it has been said that his speech was not unpredictable. In terms of service here, he is a hardy perennial, indeed, a Tory from Quebec has to be an extremely resilient and hardy person.

**Senator Flynn:** The same will be said of Liberals from British Columbia soon.

**Senator Perrault:** Together with his other admirers, I can appreciate the difficulties he must have encountered when he set about to analyze the Speech from the Throne. After all, the Leader of the Opposition is, by his very nature, normally optimistic, good natured and a sunny person. In this case, he has been seemingly forced against his own instincts to paint a very sombre and cheerless picture of this nation. He is forced into this unaccustomed stance every fall, and we understand that is because of the political imperatives which exist in Canada today, although it is uncharacteristic of his nature. However, he undertook his task in great, flamboyant style. It is because of my appreciation for the burden that he carries that in my modest way I hope to uplift him today, to bring a few rays of sunshine into that cloud of depression in which he cloaks himself every fall.

We have many problems in Canada, honourable senators, but in the context of a world rocked by economic shocks since 1972 we have an immense amount for which to be grateful. The Organization for Economic Co-operation and Development the other day evaluated the nations of the world on the question of so-called "quality of life." Sweden was number one and Canada was number two. I think Canadians would put us solidly number one.

Consider these quick facts, honourable senators. Since 1968, Canada's gross national product has grown from $72.6 billion to $230.1 billion. In the same period our work force has grown by 2.5 million. We have the fastest growing work force in the entire world today. In the 12-month period from July 1977 to July 1978, 376,000 new jobs were created in this country. No other country can match that performance.

Let's review the past 10 years in terms of disposable income. Disposable income has increased from $46.8 billion in 1968 to $139.3 billion in 1977. After allowing for inflation, the average Canadians' income increased by 4 per cent in 1976 and 3 per cent in 1977. That is real progress which should hearten all of us, including our friends in the opposition.

• (1520)

With these figures in mind, honourable senators, I suggest to you that our balance of payments problems may be one of the legacies of prosperity—a price to be paid. Before this government came into power 10 years ago—a happy circumstance, I suggest—only a relatively few Canadian families could afford a winter vacation in the south. Today, in many parts of the country, it is an annual ritual.

I would ask Senator Roblin, who is not in the chamber at this moment, to consider the number of Manitobans who each winter decide to escape the invigorating, stimulating and bracing climate of downtown Winnipeg or Thompson by going south. The same applies to British Columbians, even though they have a milder climate. Package tours to Hawaii have increased one hundredfold in recent years, and this is the case across the country. People in the east go to Florida or the Caribbean. This is a fact of weather, but even more so an indication of the increased prosperity of the Canadian people.

Most certainly we have balance of payments problems, but this is despite a substantial trading surplus. We have to face the fact that Canadians are continuing to travel abroad in large numbers, and that we must pay interest on the foreign investments which have done so much to boost our growth since World War II. In the face of these facts, all of us should welcome the many initiatives taken by governments, federal and provincial, to boost tourism in Canada. For the first time, we have a co-ordinated program between industry and all levels of government. The introduction of lower domestic air fares is a very welcome move, and we should welcome as well the spirited marketing program of VIA Rail. All of these initiatives help. A number of provinces, backed by excellent

promotional campaigns, have just completed bumper tourism seasons.

When one looks at the statistics prepared by the Organization of Economic Co-operation and Development for the past few years, the balance of payments situation is the only category in which Canada does not place in the top three of all of the major industrialized nations—the very top three. No one can be satisfied with the level of unemployment in Canada. But to suggest, as some opposition critics do, that this government has done little to spur job creation is to ignore the facts. The OECD puts Canada on the very top of the table in terms of creating jobs. In the years from 1970 to 1977, employment in Canada grew by 23 per cent. Quite a way behind us came the United States, with 15 per cent. This same organization examined the rate of increase in real disposable income between 1972 and 1976. Who was top in this category? Canada was on top, followed by Japan and Italy. The same organization looked at the cost of living. Canada was not number one in this category. We had slipped to a close second place behind the United States of America.

This country was not at the top in the OECD poll of nations with the fastest growth of industrial production. In this category it was Norway, fueled by its North Sea oil discoveries. Where was Canada? Well, we had slipped to second in that category. The Canadian cost-of-living index is only marginally higher than that of the United States, the leader in that category in the world. Living in many European countries and Japan costs more than half as much again as living in this country.

The official opposition should be reminded that Canada is performing notably in practically every international category. For this reason, we should not take a narrow inward looking and pessimistic approach. We are a trading nation. We have to take on the world. We have to compete in a world which has suffered serious economic shocks. I suggest that our overall performance stacks up ahead of any other country in this category in the past decade.

This economic performance has been conducted in tandem with a program of social measures which are envied around the world. The Right Honourable the Prime Minister described the government's social policies as "intelligent compassion." It would be difficult for any fair-minded person to quibble with that description. We hear all sorts of reports about economic problems in Canada. Yet, as a member of the government, I see, week after week, the many applications which come in from all over the world from people wanting to invest their money in this country in a very major way. At times, one cannot resist the feeling that there are many people in other parts of the world with more confidence in our country than have some native-born Canadians.

Getting back to social policies for a moment, certainly the Senate of the United States has been hearing about the social benefits of health care in Canada. Senator Kennedy brought witnesses from Canada to tell a Congressional committee of our compassionate system. Some of us met him a few months ago when he came to Canada, at which time he said that the Canadian program of medical and hospital care is the best he had encountered anywhere in the world. We have managed to combine a strong economic performance with a compassionate social system without draining the financial resources of the individual.

Some critics—I hear them and you hear them—trumpet how the average American allegedly takes home more than his Canadian counterpart. They say we are overtaxed and are being driven into the earth, and incentive is being destroyed. Well, perhaps there are current arguments to be made for tax cuts in certain areas, but let's look at the tax situation, again letting independent research be the judge.

The *Financial Post* of September 30, 1978, contained the report of a study conducted by a British business research organization called Employment Conditions Abroad Ltd. This organization compared tax and social security deductions in nine countries. At the $15,000-a-year level, Canadians pay 32 per cent in tax and social security deductions. Only the French, the British and the Japanese pay less. At the $23,000-a-year level, it is the same order, with the Canadians now contributing 37 per cent. At the $31,000-a-year level, Canada is in second place behind France, with 39 per cent. Similarly, at the $41,000-a-year level, and at every one of those levels, the U.S. salary earner loses more in taxes and social security deductions than does his Canadian counterpart.

**Senator Walker:** Do those figures include provincial taxes, or do they represent merely the net federal taxes payable?

**Senator Perrault:** It is my understanding that this is an assessment of the total impact of taxes of all kinds at those income levels. If this is not the case, I would be very pleased to bring supplementary information to the attention of the house.

Honourable senators, the Speech from the Throne is not an elaborate document. It does, however, underline and reiterate the immensely important pledges made by the government over the past three years. It was in 1975 that the national government pledged to bring its own spending, as a percentage of the gross national product, down, and to restrict the rate of growth in the Public Service. That pledge has been met.

When in Bonn, the Prime Minister made another commitment, this time to the leaders of the other major economic powers of the world. He promised that the Canadian government would do its part in helping to get the sluggish international economy moving. Again, the promise was kept. On August 1, the Prime Minister returned and told the nation that there would be, to quote him, "a major re-ordering of government priorities." The twin challenges of inflation and unemployment would be resolutely faced, he said. As a result, government spending would be slashed by $2.5 billion. The civil service would lose something like 5,000 jobs. Departments have pared their estimates. Some of the moves have not been useful or popular politically, but they are meeting the vital commitments made at Bonn, and they are in the national interest.

No one thought for a moment that departmental budgetary cuts felt deeply at local levels would cause anything but

political problems for many of the Liberal candidates in the recent by-elections. The government did not undertake this program of cuts with the false hope that they would contribute a magic solution to Canada's problems, and an instant path to political popularity and success. They were measures taken because the public interest had to be put before the short-term political gain.

● (1530)

Knowing the deep cuts made by my ministerial colleagues in their departments, I have been amazed at how certain political critics have described the cuts as "imaginary." Now that Parliament has resumed, opposition spokesmen are angrily demanding to know why certain programs have been cancelled. The so-called "imaginary cutbacks" appear to have a very substantial reality to both opposition and government parliamentarians. Certainly some very forthright and indignant reaction has been forthcoming. In fact, honourable senators, the recent government programs and the Speech from the Throne reflect a determined and very real and tangible anti-inflationary program which was begun in 1975. The thrust has been there for over three years, and this lean, tough realistic policy is bringing its rewards. The government has said, "Less government." The government has said to private industry, "We are going to give you your head; you have been saying you want an opportunity to enterprise and to really move ahead and work. Here's your chance. There will be less government interference." These policies of less federal government involvement are already having a positive effect on the private sector.

Canada is now utilizing 86.4 per cent of its productive capacity compared with 80 per cent 18 months ago. Much has been done to encourage the small businessman; more money has been put into research and development. We have changed our energy policy and we have told the oil companies, "You will get more if you get out there and explore and develop. We are trusting you to invest more in exploration." And the oil companies are playing their part. Their exploration budgets have soared. The results: a major oil find in West Pembina, perhaps three billion barrels of oil; major natural gas finds in Alberta and northern British Columbia; the promise of Dome's work in the Beaufort Sea; the opening of the tar sands plant at Fort McMurray; the accelerated pace towards heavy oil development in Saskatchewan; and the discovery of perhaps the world's richest uranium deposit in the province of Saskatchewan. If energy is the key to the economic performance of the industrialized world in the next 15 years, 1978 will be looked upon as a banner year for Canada.

Confidence, we say to the opposition parties and the opposition groups in Parliament and in the country, confidence is what is needed in Canada. The complainers and the Doomsday Jeremiahs said that the United States Congress would never pass the Northern Pipeline Agreement. But it did, and it did so overwhelmingly. As a result, the economic benefits for Canada will be considerable into the early 1980s, with many, many jobs and with the effect of hundreds of millions of dollars in the money stream. "Confidence returning" was the headline in the *Financial Times* of October 9. The *Financial Times* looked at some of the projects going on with MacMillan Bloedel announcing a huge multi-million dollar expansion in British Columbia, and Uniroyal spending $23 million on radial tire production in Kitchener. Those hard-nosed financial managers and marketing managers have confidence, confidence that we are on the right road in this country.

Don't take the word of a partisan person for this. Here is the most recent survey of business attitudes conducted by the Conference Board of Canada:

> The outlook for business investment is improving as senior corporate executives grow more confident about their economic prospects.

Here are some of the reasons behind this business confidence: manufacturers' unfilled orders are running 12 per cent ahead of last year and new orders are 15 per cent ahead; steel production is up 11 per cent; and electricity generation is up 9 per cent over 1977. The economy is beginning to hum.

And this confidence is being restored in the face of the sovereignty-association or separation talk in one of the provinces. Confidence, despite the threat of one-third of the Canadian market going it alone and a divided nation. Just imagine, if possible separation—as remote as it may appear—were not a factor in the equation now, the kind of boom which would exist in Canada. Undoubtedly, the prospect of separation, as unlikely as it may seem, has had an adverse effect on the Canadian dollar, but here again the government's determined and purposeful defence of federalism and its commitment towards seeing that all provinces, including the province of Quebec, assume their rightful place in Confederation has turned back the separatist momentum. I believe that time will show the government's record on this matter to be both courageous and correct.

The government's policy expressed in the Speech from the Throne means that there will be an even greater increase in business confidence in Canada. Certain social programs have undergone a process of reappraisal and alteration, and changes have been made to assist those in greatest need. There are major changes in the unemployment insurance program. The substantial savings amounting to hundreds of millions of dollars are going to be used for year-round employment programs including a program for young people. A new youth corps program is being brought into existence.

And while I am being briefly and uncharacteristically partisan, let me say to my friends opposite that the Conservative Party has said a lot about government give-aways in the past few years, but the most dangerous and destructive give-away program of them all appears to be proposed by the Conservative Party itself—the give-away of many federal powers to the provinces. Many Canadians of all parties believe that giving over the powers of the central government could do more long-term damage to Canada than many of the dangers which they allege to exist in Bill C-60. A fair and reasonable distribution of powers as recommended in the Speech from the Throne is one thing, but a wholesale hand-over and random

dispersal is another. Senators will have read with interest the section respecting constitutional reform in the Speech from the Throne. One paragraph reads:

> With respect to the reform of the Constitution, the Government has set out only two fundamental requirements. The new Constitution must provide for Canada to continue as a genuine federation, and it must contain a Charter of Rights and Freedoms, including linguistic rights. The Government has shown its deep concern that real progress towards change soon be achieved, so that uncertainty can be dispelled and unity reinforced. In particular, the Government believes it essential that clear and important progress be made before Quebecers are asked by their provincial government to vote in a referendum about their future.

Honourable senators will recall that when Bill C-60 was introduced, the assurance was given here on behalf of the Prime Minister that nothing was cast in concrete, and that all improvements, opinions and reactions would be considered. The summer's deliberations have shown that the government has an open mind and is receptive to new ideas. By setting a timetable for constitutional reform, the government has stimulated an excellent discussion and many good ideas have emerged—ideas which I am confident will lead to constructive changes in the proposed bill when it finally emerges.

● (1540)

It should be noted that the Speech from the Throne states emphatically that there is no intention to change or to reduce in any way the role Her Majesty plays. Many senators will have read the article written for the London *Times* by Mr. Charles Douglas-Home and published on August 29 last. In discussing the Governor General's role, Mr. Douglas-Home wrote:

> Apart from these details however the office of the Governor General has not changed in any way which would warrant accusations that Mr. Trudeau was up to no good. Certainly Mr. Trudeau has been scrupulous in keeping the Queen informed of the trend of his thinking, and the Queen has for some time been of the view that some tidying up was necessary to establish clearly cut Canadian style constitutional monarchy, as opposed to a residual imperial offshoot of London.

**Senator Grosart:** She never said that, of course.

**Senator Perrault:** That is the end of the quotation. Having read that, let me return to the Speech from the Throne.

**Senator Grosart:** She never said that.

**Senator Perrault:** That is a quotation from an article in the London *Times* of August 29 last written by Mr. Douglas-Home. I would be pleased to provide a copy of the article to any interested senator.

**Senator Grosart:** That is what he said she said, but she never said that.

**Senator Perrault:** Having read this, let me return to the Speech from the Throne.

The government's view was and remains that the new Constitution should describe the situation as it exists in Canada today, and the government is pleased that the provincial premiers expressed the same view during their meeting in Regina.

Further to the subject of the Constitution, I want to comment on some of the statements made by the Leader of the Opposition last night. He claimed that the white paper, *A Time for Action*, by stating that the Senate is in need of reform, is, in effect, accusing the Senate of not having discharged its duties. I find that to be an odd and somewhat illogical interpretation by the Leader of the Opposition.

**Senator Flynn:** Well, it says so.

**Senator Perrault:** Just because a government or an organization seeks to improve the status quo, surely that does not automatically indicate a dereliction of duty, and it does not support any accusation of dereliction of duty.

Times change. The Senate came into existence over 100 years ago. Obviously, Canada has seen many profound changes in that time. Many Canadian provinces were not even formed at the time of Confederation, as we know. Surely, to make the federal system work effectively, there is something to be said for improved regional representation, however that may be achieved. Every healthy organization undergoes change. Constructive change is progression and not dereliction of duty.

Never mind what Senator Flynn and others think of the proposals put forward in Bill C-60. While they certainly do not represent perfection in anyone's mind—including the governments—they have prompted the spirit of debate hoped for by this government.

Many senators believe that the Senate is an institution which can be improved. Interestingly enough, in most of the hearings held here in the summer, the consensus was that we do need a second chamber. Many suggestions have come in, many from senators themselves, on how that second chamber can be improved. There has been very little support for the idea of abolition. Many senators have their own ideas. By putting forward these ideas these senators do not accuse themselves and their colleagues of dereliction of duty. Patently not.

To Senator Flynn I say what the government has done in Bill C-60 is to say to Parliament and to the people, "Look, we have had enough talk about constitutional reform. We have been talking about it for over 100 years. All we have had so far is talk. Well, here are some proposals. Analyze them. Dissect them. If you do not like them, come up with something better." I think the last few weeks have been some of the most stimulating in the history of the country. The ideas which have been set forth by many outspoken people here, many in this chamber at the present time, have been a useful contribution to the dialogue.

I do not know if the Leader of the Opposition recalls a speech made to the Commons in June 1960 by the Right

Honourable John Diefenbaker, then Prime Minister of Canada. At that time, Mr. Diefenbaker said:

> I realize that it is always a matter of interest that we in Canada, an independent country within the Commonwealth, have not yet secured the right to amend our own Constitution. Endeavours have been made throughout the years: the subject has been discussed over and over again. To me it is a political paradox and inconsistent with Canada's status.

That was Mr. Diefenbaker, the Conservative leader, in 1960. And he said again, and I am sure Honourable Senator Flynn sat there and applauded him as he spoke:

> Indeed in so far as the other countries of the Commonwealth are concerned—the British Commonwealth or the old Commonwealth, whichever term you choose to use—Canada is the only country which has no provision made for the amendment of its own Constitution.

That is what Mr. Diefenbaker said to riotous applause, including the applause of Senator Flynn and others. That was 1960. I note that he is applauding. He still maintains his youthful enthusiasm. Isn't that marvellous?

Here we are 18 years later and we have at last a proposal, the proposal Mr. Diefenbaker talked about so much; the proposal talked about for years by political figures in all parties.

I told honourable senators a few weeks ago that nothing was cast in bronze, that there would be debate and examination and that the government would be open-minded towards suggestions. I suggest it has been, and will continue to be so.

On another point, throughout all Senator Flynn's comments on this subject, would I be fair in saying that he implied that the members on this side of the house were guilty of some kind of rubber stamping? Even last night he talked in terms of the majority, the loyal majority, which would sit here and pass government bills, seemingly obediently and without dissent. Is it so strange the people who want to sit here as Liberals usually find favour with Liberal policies? We have Liberal Party policy conventions.

**Senator Grosart:** It is getting stranger all the time.

**Senator Perrault:** We have caucus meetings at which senators put their opinions across very forcefully. The senators here have helped formulate many of the Liberal policies. This does not mean that senators on this side blindly accept every piece of legislation.

I do not need to tell Senator Flynn that we have a very effective committee system. We do pre-studies on important and complicated subjects. I do not think that Senator Hayden, for example, regards himself as a rubber stamp, or that Senator Olson feels that way or Senator Everett, or Senator Argue, or Senator Smith, who happens to be a distinguished member of the opposition, or Senator Goldenberg, or Senator van Roggen, or Senator Bonnell. Nor do I think ministers from the other place who argue their legislation before any of our committees think that this place is a rubber stamp. Indeed, I have served in a legislature and I have served in the House of Commons, and the best committee work in Canada is done right here in the Senate.

**Senator Flynn:** Then why does the government condemn you?

**Senator Perrault:** The best government reports in the country are produced right here in the Senate.

**Senator Flynn:** Then why does the government condemn you?

**Senator Perrault:** Nobody can say that the Minister of Public Works was in total agreement with the recent report of the National Finance Committee presented by Senator Everett.

**Senator Flynn:** Agreed!

**Senator Perrault:** Has there ever been a comparable Commons report which discussed in such frank terms the allocation of public funds in the matter of renting and buying space in this country—a report which cost the Canadian people $76,000? That $76,000 will ultimately save millions of dollars for the Canadian taxpayers.

**Senator Grosart:** It was rejected by the Minister of Public Works.

**Senator Perrault:** That one report alone may save the cost of much of the Senate for some time. It is time we started telling the Canadian people about some of the work done here. It is time for the media, who purport to tell what is going on in Ottawa, to begin to report what happens here.

When there was a Conservative government in power did the Liberal majority in this place obstruct or vote against the policies of the elected body? Now the Leader of the Opposition seems to find it reprehensible that people who are proud to be Liberals usually do not delay inordinately important legislation when it is presented by their own government. I would remind honourable senators and members of the media that last session alone the Senate of Canada amended 204 times the measures which came before it, which indicates that this is anything but a supine body of rubber-stamping sycophants.

● (1550)

Is it so strange that this chamber regards itself as a body with a real responsibility to act on behalf of the Canadian people? When the Senate was brought into existence as a body of "sober, second thought," it was established to reinforce regional interests and to protect Canadians against an overweaning use of power.

Speaking of Senate voting patterns, one can imagine the protest which would have come from the Conservatives had the Liberal majority, back in the days of the Diefenbaker government, frustrated the work of the Commons. I am sure the Conservative government would have called it "interference with the wishes of the elected majority." Yet even then the Senate, made up mostly of Liberals, acted to improve measures which came before it. Now we are accused of being rubber stamps because senators on most occasions adopt the same attitude now as then with respect to legislation which

comes from the elected chamber—an attitude which says, "We do not wish to frustrate the will of the people, as represented by the elected members of Parliament, but we shall ensure that when proposed legislation finally becomes law it is the soundest possible legislation that can be developed, and protects fully the public interest."

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

**Senator Perrault:** I am interested at times in some of the statements made—and there are people of all parties making them—that somehow the Senate does not reflect and it does not represent adequately the regional interest.

**Senator Flynn:** That is the government's position.

**Senator Perrault:** That is not the essence of the government's position. In any case, government supporters here are not required to march in lock step with some policy pronouncement issued by some government department or the Privy Council. Discussion and dialogue are invited and encouraged.

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

**Senator Flynn:** Did I hear you correctly?

**Senator Perrault:** Let us put this on the record. I say it again, that supporters here are not required to march in lock step with some policy czar in the Liberal Party. Of course not.

**Senator Flynn:** But you are one.

**Senator Perrault:** All of us support the idea of increasing and improving regional representation, but of the 93 appointed senators, six are former provincial premiers, nine are former opposition leaders, 20 are former members of provincial legislatures, and 16 are former members of federal cabinets. Also there are many former mayors, councillors, members of the House of Commons, and other people with a profound knowledge of regional interests. Yet the statement is made at times that we need something more representative.

**Senator Flynn:** It is in the white paper. I did not invent it.

**Senator Perrault:** I do not reject the idea—no one should reject the idea—of having this body more representative. As I have said, the idea has merit, but Canadians should be made aware of the present representative nature of the Senate before we consider ways in which that representation can be improved—and it can be improved.

**Senator Walker:** The Prime Minister would abolish it. You know that.

**Senator Perrault:** The next few months are certain to be a time of particular interest for all of us in this chamber. Last session over 200 amendments were made to measures which came before us. There were also an unprecedented number of committee meetings. Many valuable studies were intitiated, undertaken or completed. Presented by Senator van Roggen, the report of the Foreign Affairs Committee on Canada-United States Relations has been extremely well received. It has inspired renewed interest in the vital issue of trade within North America. There was a solidly researched and far-reaching report presented by the National Finance Committee, and excellent reports from the Agriculture Committee. The report on the Public Works Department, prepared by the National Finance Committee, was well received. In addition, Senate representatives distinguished themselves on the Joint Committee of the Senate and House of Commons on the Constitution. I know that the report of our own Special Committee on the Constitution, chaired by—

**Senator Flynn:** Did you say all that in cabinet?

**Senator Perrault:** Some day years from now the record may well show just how much I did say in cabinet. I know that the report of our own Special Committee on the Constitution, chaired by Senator Stanbury, will be read with interest and it will represent a real contribution to the Constitution dialogue. Senator Hayden's Banking, Trade and Commerce Committee has been the subject of much deserved editorial praise. Senator McGrand's and Senator Argue's committee's will continue with their important work in the coming months, and Senator Croll's special committee will bring to the people of Canada an awareness of the important work conducted by the Senate as it studies the subject of retirement policies.

In the coming months the Senate will continue to be of great service to the people of Canada. Certainly the resources of a second chamber are required by this nation more than ever before.

In conclusion, the abilities of honourable senators and our fellow members of Parliament in the other place will be factors in the coming months in the battle against inflation and its related evils, and all of the other economic problems which beset us. The resources of Parliament, indeed of all sectors of society, will be needed. The heavy artillery of the Bank of Canada, to use a military analogy, must retain its position and use its effective fire power. To continue this analogy, the front line must be broadened. This front line must involve people of all our provinces, of all political persuasion, of every occupational grouping. It must involve those in business, industry, the trade unions, agriculture, the service industries, and those who serve in political life.

Surely our problems in Canada are very much ethical and social problems. There are no easy, quick and simple solutions to be found. Surely all of us Canadians must realize that inflation is the way in which a national economy reacts to continuous overstraining of its strength, to demands which are unmeasured and insistent, to a tendency toward excess in every sphere and in all circles, and to a degree of overconfidence resulting in illusory attempts to draw bigger cheques on the national economy than it can honour; and, as one author wrote, to a perverse desire always to be combining incompatibles.

People want to invest more than savings permit. They demand wages higher than the growth of productivity justifies. They want to consume more than current income allows. They want to turn into imports for the national economy more than the exports earned; and, above all, governments at all levels, which should know better and have positions of leadership, have at times in the past placed inordinately high claims on an

already overstretched economy. There is a riot of claims and an insufficiency of goods produced for the necessary cover. As I have said, the government is taking fast action against the problem.

In the past, one of the results of this process has been an enfeeblement of money; and it is not good enough to say that Canada is doing better than most other countries. That process is under way in our own nation, despite all efforts to combat it. It is an enfeeblement of money which, in a sense, ceases to resist, and it is this enfeeblement which we call inflation and which is having such a disrupting effect on our economy today.

But there are brakes and counterforces, honourable senators, and some are affecting Canada today. One brake and counterforce is a government—I suggest that many members of the opposition may wish to be involved in this process—willing to support restraint measures and economic initiatives, some of which may result in political unpopularity. Indeed, it has been said that one of the costs to governments of effectively combatting inflation and coming to grips finally with inexorable economic dilemmas is, all too often, the loss of political power.

Honourable senators, I know you will agree with me when I say that the future welfare of this country is infinitely more important than whether the Liberal, Conservative, New Democratic, or any other party wins or loses the next election—and in saying this I am not preparing a scenario for the defeat of this government. But I think that we who are in government and all those with a sense of parliamentary responsibility must be prepared to adopt, as the government is doing today, those measures that will advance the common welfare, regardless of political consequences. Hopefully, in the process the people of Canada will recognize where their true welfare lies and will reward with political support those who serve in government and Parliament, if they are prepared to act in this disciplined and responsible fashion.

● (1600)

The results of the election the other day reflect in very large measure, in my view, the unhappiness and dissatisfaction of a great many Canadians with regard to the tough and unpopular policies adopted by the government, policies which, however, are clearly in the long-term interests of Canada. If we become deserters in this battle against inflation, if we fail to oppose the spirit which nourishes and accepts it, we will really be collaborating, in causing the decay in this country of respect for the law and of the law itself. It requires no special genius to realize that the vanishing respect for property is very much related to the numbing of respect for the integrity of money and its value. Laxity with regard to property and to money, and the need to improve our productivity and economic performance, regardless of our place in society, are all very closely bound up together. In all of these cases what is firm, durable, earned, secured and designed for continuity, gives place to what is fragile, fugitive, fleeting, unsure and ephemeral, and that is not the kind of foundation on which a free society like that of Canada, which we have enjoyed for so many years, can continue to stand.

[Senator Perrault.]

The Speech from the Throne, honourable senators, reflects the determination of the government to fight effectively against inflation by strengthening both the economy, through some of the measures I have spoken about, and national unity. I urge support for the motion which is currently before the Senate.

**Senator Flynn:** The PMO did not write that speech.

On motion of Senator Fournier (Madawaska-Restigouche), debate adjourned.

## THE CONSTITUTION

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

Leave having been given to revert to Notices of Motions:

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Special Committee of the Senate on the Constitution have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, a meeting of this committee has been called, and the members will assemble in room 356-S, as soon as the chamber goes back into Committee of the Whole.

Motion agreed to.

## POSTAL SERVICES CONTINUATION BILL

### FURTHER CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate adjourned during pleasure and was put into Committee of the Whole to further consider Bill C-8, intituled: "An Act to provide for the resumption and continuation of postal services," the Honourable Senator Bourget, P.C., in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable André Ouellet, P.C., Minister of State for Urban Affairs and Acting Minister of Labour, was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, the Senate is again in Committee of the Whole on Bill C-8, intituled: "An Act to provide for the resumption and continuation of postal services."

Honourable senators, we are probably going to have royal assent around 5.30, so I would allow two or three other members to ask questions of a general nature, and then, with the agreement of all senators, we will start the clause-by-clause examination of the bill. Is that agreed?

**Hon. Senators:** Agreed.

**Senator Molson:** Mr. Chairman, I should like to ask the minister a question in connection with the offences prescribed in this bill. I am a little puzzled in this regard. In a situation where an organization of employees, or a union, is created by

law, and the means of certification of such a union is provided by law, why, when there is a suggestion of disobeying the law, is there no provision for decertification? The law, of course, may be obeyed implicitly and completely, and therefore be no problem; but in the event that there should be disobedience of the law, why do we not adopt the simple process of decertifying the organization concerned?

**Hon. Mr. Ouellet:** Mr. Chairman, the information I have received is that decertification is carried out only at the request of the members of the union themselves. To envisage such an extreme measure would be considered as inviting general disobedience, which could create chaos, because in that case a union would no longer have leaders to talk to. It has therefore not been considered, with regard to any agreement that has been contemplated, that that recourse ought to be adopted.

**Senator Roblin:** Mr. Chairman, I should like to ask for clarification on a couple of points. I notice that the collective agreement we are talking about is the one that expired on June 30, 1977, and that it proposed to extend the term of this agreement for another two and a half years from the date of its expiration. I wonder if the minister would care to comment on the significance of this very long term.

• (1610)

Secondly, in connection with the point raised by Senator Greene concerning the right to terminate, the minister told us that this was covered by the Public Service Staff Relations Act. I am wondering, however, whether the old agreement that we are now extending for two and a half years does not itself contain clauses with respect to termination of employment resulting from failure to comply with a collective agreement. Perhaps the minister could clarify whether that agreement does not supersede whatever is contained in the Public Service Employment Act.

I should also ask the minister to explain to me the implications of clause 8, which subjects the proceedings under this bill to the Anti-Inflation Act and the guidelines established thereunder. Just what does this mean in connection with the size of the increase that may be given to employees under the arbitration or mediation clause?

Perhaps I could put all my questions on the table now. I would also refer to clause 10 where a set of fines is set out for people who do not do what they should do. The clause refers to sections in the Public Service Staff Relations Act, which is not before us and with which I am not acquainted. What I really want to know is, under clause 10(1)(a) who pays? If the same thing applies to the penalties under paragraph (b), against whom are these directed? As I read this in a very cursory fashion, I wonder whether these changes are specific to this act or whether they are really of general application as we are amending the Public Service Staff Relations Act. I am a little confused as to whether there is an item of general application here or not.

I would conclude by offering a comment on the proceedings under the mediator-arbitrator. After having listened to the extensive efforts made to find agreement over many months with a sort of abject and complete and utter failure to agree on anything, so far as my recollection goes, I feel it is probably pretty optimistic to think that in the next 90 days a mediator is going to achieve any better results. We might as well expect that the bulk of the matters in dispute will certainly come under arbitration. There will be an arbitral award. I would certainly agree with the amendment of the other place extending the 90-day term if the parties or the minister think it advisable to do so.

I just wonder how the minister contemplates the outcome of this matter. All these points have to go to binding arbitration. There are so many of them, particularly all these outstanding grievances, that some pretty broad strokes will have to be applied to the whole of this problem. I wonder how the minister envisages matters proceeding after the arbitration is in. These people are going to be tied up now for another year and a half under this arrangement, and I really wonder whether peace and quiet is going to reign over all that period of time, when practically every one of these things is going to be settled by binding arbitration and be subject to the guidelines under the Anti-Inflation Act.

I must say that I congratulate the minister on his optimism if he thinks this is going to produce the kind of peace and quiet that we would hope for in the future. However, I hope I am a pessimist and that he is right, because that would be much better in the public interest.

I would appreciate some comment on these points.

**Hon. Mr. Ouellet:** Mr. Chairman, referring to the various points brought forward by the honourable senator, I should like, first of all, to refer to clause 5. The terms of the collective agreement to which this act applies are, first of all, the terms of the collective agreement that has been under discussion by the two parties—that is, from July 1, 1977 up to December 31, 1978. That is the magnitude of the current negotiations up to now.

In light of the fact that we are almost at the end of the year 1978, we have decided to introduce a clause in this bill that extends the actual collective agreement under discussion and make it continue for one year. The reason for doing so is that we believe that the mediator-arbitrator will not solve this issue in a few days and, therefore, we are giving him three months to come forward with a new collective agreement. This will mean that when he does come forward with his new collective agreement, the current collective agreement will have finished, if we respect the date of December 31, 1978. Therefore, the union would already have been in a position—in fact, they could start in a few weeks—to give notice of the new demands for the new contract. We have just decided to extend this current contract to December 31, 1979, hoping that in the meantime we will ensure uninterrupted postal services during the course of 1979. At the same time, this will allow the appropriate time to permit this transition period of the planned conversion of the Post Office to a crown corporation. This is why we are dealing with the current collective agreement that

should normally end on December 31, 1978, and which, under this bill, will be extended to December 31, 1979.

In relation to penalties, these are exclusively applicable to this bill for those employees who fall under the terms of this bill. Therefore, we are not amending the Public Service Staff Relations Act, which covers all the other employees of the government but exclusively those who will be guided by this piece of legislation.

In relation to clause 8, I refer to the Anti-Inflation Act. It is obvious that for the part of the contract that will go from July, 1977, to December, 1978, the Anti-Inflation Act will apply. We are not in a position to say at this very moment what the term of the contract will be because that will be the role of the mediator-arbitrator through his mediations or, if he does not succeed through his mediations, through his own power as an arbitrator to set the term of the collective agreement that will be in force for the current time and up to 1979.

We are saying by this act that this mediator-arbitrator is bound by the rules and regulations of the Anti-Inflation Act for the first part of the contract, but he is obviously not under the same constraint for the latter part of the contract.

The honourable senator asked in his final intervention what would happen after arbitration is in. He made a comment that he feels that because of the nature of the relationship between the employers and the employees in the Post Office, the chances are pretty slim that this mediator-arbitrator will be able to mediate anything. This technique of a mediator with a power of arbitration has shown, in cases where this technique has been used, pretty impressive success in the sense that the mediator is there discussing the situation with the parties, and the parties know that if they do not co-operate and do not bring forward positive and constructive suggestions and attitudes in the course of that mediation chaired by this person, this very person has the right and the power to come forward at a later date as an arbitrator and bring in any findings or recommendations.

● (1620)

He is a unique mediator in the sense that he is not only mediating but has some clout to bring the parties to an agreement. I therefore hope and believe that a substantial part of the issues at stake here could be mediated, and hopefully only a small part of the other issues will have to be left in the hands of this person, who will then exercise his right of mediation. The result will be the collective agreement; his conclusions will become the effective collective agreement that will be binding on both parties.

**Senator Roblin:** I thank the minister. He has cleared up a number of points for me. I should like to go back to clause 10, because I am curious to know about the fines. Under subclause (1)(a) we will fine somebody $100 for doing something. What is that all about? In paragraph (b) we are fining somebody $300 for doing something else. The bill does not say what the offence is or who the penalty is directed against. Could I please have some explanation of that?

[Mr. Ouellet.]

**Hon. Mr. Ouellet:** I am sorry that I forgot to answer this question. As I indicated earlier, the amendments to section 101 of the Public Service Staff Relations Act are in line with the recommendation of the joint committee that the penalties under that act were not up to twentieth century standards and ought to be increased in order to be more realistically in line with day-to-day life. These amendments, therefore, increase the penalties already prescribed under section 101 of the Public Service Staff Relations Act. With reference to paragraph (a), in the Public Service Staff Relations Act the penalty was $100, but it will now be $100 per day for an employee.

**Senator Roblin:** For disobedience?

**Hon. Mr. Ouellet:** For disobedience.

**Senator Roblin:** Disobedience on the part of a single employee?

**Hon. Mr. Ouellet:** Disobedience on the part of a single employee. Referring to paragraph (b), the penalty used to be $300 and will now be $2,500 for a union leader plus a penalty of $250 for each day of disobedience. Paragraph (b) refers to a union leader. Paragraph (c) refers to the union, to the local. The penalty used to be $150, and it is now the aggregate of $10,000 and/or $1,000 per day for the local.

**Senator Bosa:** Mr. Minister, having shared office space with you at one time, when we both had different responsibilities, may I say that you look very good as a frontbencher in this honourable chamber.

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

**Senator Flynn:** He has no future here.

**Senator Bosa:** My question concerns the extent to which the leaders of the postal union rely on the government to legislate them back to work so that they can look good to their membership, and can look tough and appear to be presenting a hard line in their negotiating approach. In other words, given the present psychological climate in Canada, would they have risked a prolonged strike were it not for the fact that they knew you would legislate them back to work? Secondly, it seems to me that the main bone of contention is not so much the salary increases the unions are requesting as the fear of job displacement because of automation. Could you comment on that?

**Hon. Mr. Ouellet:** It is very difficult for me to analyze the thinking of the union leaders. I can only say I very much regret that the offers made through the auspices of the Department of Labour were turned down. We have tried our utmost to bring about a negotiated settlement. We provided what we felt were opportunities for the union leaders to show some leadership to bring about a negotiated settlement. Unfortunately, apparently the union considered they would probably be able to exercise more clout if they were in a strike position. That is their own decision. Obviously I cannot comment, except to say that I regret this very much, because I believe their objective could best have been accomplished, not under

duress of a strike but through the offer of mediation by the Department of Labour.

You are quite right in saying that the financial implications of the collective agreement are considered a less important point than the question of job security and the implementation of technological change. It seems to me that this is a more important element conducive to settlement.

I would remind honourable senators that a few years ago all the Post Office employees received a written assurance from the then President of the Treasury Board that no one working for the Post Office would lose his job because of technological change and automation being implemented in the Post Office. This guarantee of job security is there and is part and parcel of the overall operation. However, for one reason or another it has been felt by the union leaders throughout the years that this guarantee is not enough for them, and it is a bone of contention. I do not know what more could be done than give those guarantees. It is a question of faith. To my knowledge, no one has yet lost his job in the Post Office because of the introduction of machines to speed up the process of mail delivery. Some employees have been transferred to other jobs, but nobody has been put out of employment because of automation.

● (1630)

**Senator Bosa:** I have a supplementary question. Mr. Parrot, in a television interview this morning, said that perhaps the union might defy the back-to-work legislation. Clause 10 of the bill imposes a fine of $100 per day if it is contravened. When the interviewer mentioned that, Mr. Parrot said that the members of his union do not have that kind of money. Hypothetically, then, if all the strikers do not comply with the back-to-work legislation, and they do not have the means to pay the fine, would there be enough space in Canadian prisons to accommodate 22,000 people?

**Hon. Mr. Ouellet:** As you describe it yourself, it is a hypothetical question. I can assure you that there is space for 22,000 people to work in the Post Office.

**The Chairman:** Shall we now consider the bill clause by clause?

**Hon. Senators:** Agreed.

**The Chairman:** Clause 2. Shall clause 2 carry?

**Senator Grosart:** Mr. Chairman, I would ask the minister to clarify these various agreements with which we are concerned. The definition of collective agreement in clause 2 refers to an agreement which expired on June 30, 1977. My understanding is that the terms of this agreement are now extended for two-and-a-half years. Am I correct in that assumption? They are extended to December 31, 1979. There is then reference to another agreement. It is called an agreement, but it may not be a signed agreement. Clause 8 reads:

> —a collective agreement entered into between the employee organization and the employer applicable for that portion of the period specified in section 5 that ends December 31, 1978.

Is there an agreement subsequent to the one ending in 1977 that would end December 31, 1978? Is such an agreement in effect?

**Hon. Mr. Ouellet:** In the last month the parties have been negotiating a collective agreement from July 1, 1977 to December 31, 1978. That agreement falls under the AIB, and that is what is referred to in clause 8.

**Senator Grosart:** I am aware of that. Please answer my question. Is such an agreement in effect now?

**Hon. Mr. Ouellet:** No.

**Senator Grosart:** That is the answer I want.

**Senator Hicks:** Surely it comes into effect now because of clause 5.

**The Chairman:** Shall clause 2 carry?

**Some Hon. Senators:** No.

**Senator Grosart:** Granted that, then what demands of the union or the employer could come under the mediator-arbitrator? Obviously those negotiations going forward on the agreement which would end in 1978 would come under it. But we are told there are non-bargainable items which are still in dispute.

Will the minister explain to us what demands, in general, not in particular, will come within the purview of the mediator-arbitrator, and what is the status of the items called non-bargainable which, according to my understanding, cannot be negotiated until such time as the crown corporation is set up? When the crown corporation is set up—and the suggestion is that that may be a half year from now—are all those non-bargainable items then before the mediator-arbitrator?

**Hon. Mr. Ouellet:** No. Mr. Chairman, in clause 6(1)(a)(i), we describe the items that are before the mediator-arbitrator, and they are those that have been referred to the conciliation board established by the Chairman of the Public Service Staff Relations Board. Those items ruled out as non-negotiable by the Chairman of the Public Service Staff Relations Board are not now before the mediator-arbitrator. Items that are non-negotiable cannot be part of this collective agreement that will be enshrined by this legislation.

**Senator Grosart:** The government has indicated the target date of perhaps the middle of next year to set up the crown corporation. In that event, my understanding is that the whole matter of industrial relations between the new employer, the crown corporation, and the employees would then come under the Canada Labour Code. Would that mean that these non-bargainable items would then be before another tribunal at the same time that the bargainable items are before the mediator-arbitrator?

**Hon. Mr. Ouellet:** Let us assume that the crown corporation, as the honourable senator expects, could be created by the middle of next year. This collective agreement will end December 31, 1979. That means by the end of next year the employees will be starting to discuss with their employers a

new collective agreement. If we create this crown corporation, the clause stipulates that the employees will no longer be under the Public Service Staff Relations Act but will now fall under the Canada Labour Code, and then these items could be on the next collective agreement after December 31, 1979, and could be bargainable and could be part of the new collective agreement in the future.

**Senator Grosart:** But they could not be included in any award made by the mediator-arbitrator.

**Hon. Mr. Ouellet:** No.

**The Chairman:** Clause 2. Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Clause 3. Shall clause 3 carry?

**Senator Grosart:** Not too fast, Mr. Chairman.

**Senator Macdonald:** Clause 3 states that each officer or representative shall give notice to the employees concerned. Just what does that mean? Does the signature of each officer have to be attached to the notice ordering the men back to work?

**Hon. Mr. Ouellet:** That is a standard clause that, in fact, gives some directives to the representatives of the employers and the employees. It is a standard clause that you see in all these bills.

**Senator Macdonald:** Actually, the authorized officers would sign that.

**Senator Grosart:** Under the provisions of the Public Service Staff Relations Act, is a directive from union headquarters in respect to work-to-rule prohibited? I know there are deliberate slow-downs, and so on, that are prohibited. Is there a prohibition against a work-to-rule directive from union headquarters?

**Hon. Mr. Ouellet:** I think the honourable senator can find the answer in the Public Service Staff Relations Act where it defines a strike. You will find that on page 5 of the act.

**Senator Grosart:** Is the minister saying it does prohibit the work-to-rule directive?

**Hon. Mr. Ouellet:** I suspect that if it goes to court, it will be up to the judge, reading the definition and comparing the circumstances, to pass judgment on that. I believe the definition of "strike" in the Public Service Staff Relations Act is wide enough.

● (1640)

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Clause 4. Shall clause 4 carry?

[*Translation*]

**Senator Deschatelets:** Mr. Chairman, I have only one question on clause 4 which deals with disciplinary measures.

Does it mean that no disciplinary measures will be taken, no matter what the strikers may have done before the coming into force of this act? Does that cover everything?

[Mr. Ouellet.]

**Hon. Mr. Ouellet:** Yes, I think that this clause is very clear and that it indicates precisely that the employer has no recourse against employees who have exercised their right to strike.

[*English*]

**The Chairman:** Shall clause 4 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 5 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6 carry?

**Senator Macdonald:** Would the arbitrator have the power to make the increase in wages retroactive to July 1, 1977?

**Hon. Mr. Ouellet:** Yes.

**Senator Grosart:** Mr. Chairman, may I ask the minister to explain any difference in meaning between the phrase "arbitral award", which, for quick reference, appears on page 3, line 12 and lines 33 and 34, and the phrase "provisional award." It appears the mediator-arbitrator may be, under certain circumstances, required to render an arbitral award, but also has the power to render a provisional award. What is the distinction?

**Hon. Mr. Ouellet:** An amendment was accepted last evening while discussing the bill in the other place to the effect that the mediator-arbitrator, during the course of his mediation, might decide early in his work to give a provisional award in order to create a better climate. In other words, he would not have to wait for the 90 days as prescribed in the bill. He would decide to award immediately on some questions before him.

**Senator Grosart:** If that were the meaning, would it not be better to use the term "interim award"? I am interested in the real meaning of this.

**Hon. Mr. Ouellet:** In the true sense of the word, it is an arbitral award, but an arbitral award that does not come after 90 days. It could come after 10 or 20 days. It was suggested in the other place that we use the term "provisional award", and I suspect it would be provisional in the sense that it will be there after 10 or 20 days but would be confirmed in the arbitral award after the 90 days.

**Senator Grosart:** Or it might not be confirmed.

[*Translation*]

**Senator Flynn:** Mr. Chairman, I would like to ask the minister if the final decision of the mediator-arbitrator is binding on the government?

Has it ever happened that the government did agree in advance to abide by a decision of an arbitrator inasmuch as the salaries of its employees were concerned? I understand for instance that railways workers or others have been told they had to submit to compulsory arbitration. But did the government ever accept in advance the decision of a third party, namely the arbitrator?

**Hon. Mr. Ouellet:** Apparently, it is a first.

**Senator Flynn:** I suspected it.

**Hon. Mr. Ouellet:** It is the first time indeed that the government legislates in such a manner regarding its own employees and accepts in advance to abide by the arbitrator's decisions which will be binding.

**Senator Flynn:** It is because I know that the government has always made the serious objection that it cannot accept compulsory arbitration because one cannot bind in advance the government to the decision of an arbitrator. I think that this creates a precedent—perhaps not a bad one but it may be also that the government will eventually regret it. In any event, if you are willing to take this chance, we are prepared to let you do so.

[*English*]

**The Chairman:** Shall clause 6 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 7 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 11 carry?

**Senator Grosart:** Mr. Chairman, may I ask the minister to explain the reason for the delay in the coming into force of this bill if it receives royal assent? According to clause 11 it does not come into force until the day after it is assented to. I would say "royal assent," but the new terminology is "assented to."

**Hon. Mr. Ouellet:** One of the obvious reasons is to give the unions time to communicate this to their membership. Obviously, this legislation has to be given royal assent and this has to be made known. This will give time to the union leaders so that they can communicate this to their membership, and will allow television, radio and newspapers to communicate this to the unions.

**Senator Flynn:** Last evening we were in a difficult position. If the bill had reached us at 11.30 and we had been able to—I do not wish to use the words—go through it very quickly, the bill would have received royal assent at five minutes to twelve. Members of the union concerned would have had five minutes to return to work. Someone even suggested that after 12 o'clock they would have been in bed illegally.

[*Translation*]

**The Chairman:** Mr. Minister, in the name of honourable senators I wish to thank you for the information you have given us. I hope that staff relations in the Post Office will eventually improve.

**Hon. Mr. Ouellet:** Thank you, honourable senators.

[*English*]

**The Chairman:** Shall clause 11 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the short title of the bill in clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

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• (1650)

**The Hon. the Speaker:** The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

**Senator Bourget:** Madam Speaker, the Committee of the Whole, to which was referred Bill C-8, to provide for the resumption and continuation of postal services, has considered this bill and has the honour to report the same without amendment.

THIRD READING

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

**Senator McIlraith:** Honourable senators, with leave, I move third reading now.

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

**Hon. Senators:** Agreed.

**Senator Flynn:** Before the bill receives third reading, I want to place on record the fact that we could hardly have accomplished last night, had we carried on at that time, what we have been able to accomplish since 11 o'clock this morning.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

Rideau Hall
OTTAWA
GOVERNMENT HOUSE

October 18, 1978

Madam,

I have the honour to inform you that the Honourable W. F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 18th day of

October at 5.30 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Madam,
Your obedient servant,
Esmond Butler,
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa, Ontario.

The Senate adjourned during pleasure.

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At 5.30 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to provide for the resumption and continuation of postal services.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, October 19, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1978, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Canadian Salt Company Limited, Windsor, Ontario, and the groups of its mining employees, office employees and plant employees represented by certain locals of the United Automobile Workers. Orders dated October 11, 1978.

2. Anson General Hospital, Iroquois Falls, Ontario, and its executive group. Order dated October 6, 1978.

3. The Town of Sturgeon Falls, Ontario, and the group of its police chief and deputy chief. Order dated October 3, 1978.

4. Northern Telecom Canada Ltd., Islington, Ontario, and the group of its employees at its manufacturing facilities at London, Ontario, represented by the Northern Electric London Professional Association. Order dated October 13, 1978.

5. The Renfrew County and District Board of Health, Renfrew, Ontario, and the group of its nurses represented by the Ontario Nurses Association, Renfrew County and District Health Unit, Local No. 49. Order dated October 6, 1978.

6. Tele-Direct Ltd., Montreal, Quebec, and the group of its clerical and associated employees represented by the Canadian Telephone Employees Association. Order dated October 13, 1978.

7. The United Counties of Stormont, Dundas and Glengarry, Cornwall, Ontario, and its registered and graduate nurses represented by the Ontario Nurses Association. Order dated October 13, 1978.

## THE CONSTITUTION

FIRST REPORT OF THE SPECIAL SENATE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

**Senator Stanbury:** Honourable senators, I have the honour to table the first report of the Special Committee of the Senate on the Constitution on the subject matter of Bill C-60, to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada, and to approve and authorize the taking of measures necessary for the amendment of the Constitution with respect to certain other matters.

I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report see appendix, pp. 67-74*).

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

**Senator Stanbury:** I move that the report be taken into consideration on Tuesday next.

**Senator Flynn:** Or later.

**Senator Stanbury:** Honourable senators, I might just announce that copies of the report will be available in your mail boxes a little later this afternoon. An opportunity to answer questions by the press will be given to Senator Flynn and myself at 3.30 in Room 356-S, in case there are any of you who are interested.

Motion agreed to.

## STANDING COMMITTEES

FIRST REPORT OF COMMITTEE OF SELECTION PRESENTED

**Senator McDonald,** on behalf of Senator Petten, presented the first report of the Committee of Selection:

Thursday, October 19, 1978

The Committee of Selection, appointed to nominate Senators to serve on the several Select Committees during the present Session makes its First Report, as follows:

Your Committee has the honour to submit herewith the list of Senators nominated by it to serve on each of the following select committees, namely:

JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable Senators Bélisle, Bell, Bird, Choquette, Davey, Forsey, Fournier (*de Lanaudière*), Fournier (*Madawaska-Restigouche*), Haidasz, Hicks, Inman, Phillips, Quart, Riel, Rowe, Sullivan and Walker. (17)

JOINT COMMITTEE ON THE PRINTING OF PARLIAMENT

The Honourable Senators Anderson, Bell, Bonnell, Bosa, Choquette, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Greene, McGrand, Marshall, Neiman, Riley, Rizzuto, Walker and Williams. (16)

JOINT COMMITTEE ON THE RESTAURANT OF PARLIAMENT

The Honourable Senators Bélisle, Godfrey, Inman, Norrie, Quart and Rizzuto. (6)

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Asselin, Forsey, Godfrey, Lafond, Riley and Yuzyk. (6)

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Beaubien, Bourget, Choquette, Connolly (*Ottawa-West*), Cook, Desruisseaux, Everett, *Flynn, Forsey, Fournier (*de Lanaudière*), Grosart, Lang, Langlois, Macdonald, McElman, McIlraith, Molgat, Molson, *Perrault, Smith (*Queens-Shelburne*) and Stanbury. (19)

*Ex officio members.

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Argue, Barrow, Beaubien, Bélisle, Benidickson, Bourget, Buckwold, Cook, *Flynn, Grosart, Laird, Langlois, Lapointe, Lewis, McDonald, McElman, McIlraith, Molson, *Perrault, Petten, Quart and Smith (*Queens-Shelburne*). (20)

*Ex officio members.

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Barrow, Bélisle, Connolly (*Ottawa-West*), Croll, *Flynn, Frith, Grosart, Haidasz, Lafond, Laird, Lamontagne, Lang, McElman, McNamara, Molgat, *Perrault, Riel, Rowe, Sparrow, van Roggen, Wagner and Yuzyk. (20)

*Ex officio members.

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Austin, Barrow, Benidickson, Croll, Desruisseaux, Everett, *Flynn, Godfrey, Graham, Grosart, Hicks, Langlois, Manning, Molgat, Neiman, *Perrault, Robichaud, Roblin, Smith (*Colchester*), Sparrow, Steuart and Wagner. (20)

*Ex officio members.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Austin, Bonnell, Bourget, Denis, Eudes, *Flynn, Graham, Langlois, Lucier, Macdonald, Marchand, Marshall, McElman, Molgat, *Perrault, Petten, Riley, Rizzuto, Roblin, Smith (*Colchester*), Smith (*Queens-Shelburne*) and Sparrow. (20)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Asselin, Buckwold, Croll, Eudes, *Flynn, Frith, Godfrey, Goldenberg, Hastings, Hayden, Laird, Lang, Langlois, McIlraith, Neiman, *Perrault, Riel, Robichaud, Smith (*Colchester*), Stanbury, Wagner and Walker. (20)

*Ex officio members.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Austin, Barrow, Beaubien, Connolly (*Ottawa-West*), Cook, Cottreau, Desruisseaux, *Flynn, Hayden, Hays, Lafond, Laird, Lang, McElman, McIlraith, McNamara, Molson, *Perrault, Roblin, Smith (*Colchester*), Sullivan and Walker. (20)

*Ex officio members.

SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Honourable Senators Adams, Bird, Bonnell, Bosa, Bourget, Cottreau, Croll, Denis, *Flynn, Fournier (*de Lanaudière*), Inman, Langlois, Lucier, Marshall, McElman, McGrand, Norrie, *Perrault, Phillips, Quart, Smith (*Queens-Shelburne*) and Sullivan. (20)

*Ex officio members.

SENATE COMMITTEE ON AGRICULTURE

The Honourable Senators Anderson, Argue, *Flynn, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Greene, Hays, Inman, Lafond, Macdonald, McDonald, McGrand, McNamara, Molgat, Norrie, Olson, *Perrault, Riel, Roblin, Sparrow, Williams and Yuzyk. (20)

*Ex officio members.

SPECIAL SENATE COMMITTEE ON RETIREMENT AGE POLICIES

The Honourable Senators Adams, Bell, Benidickson, Bosa, Buckwold, Cottreau, Croll, Deschatelets, Eudes,

Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Greene, Haidasz, Inman, Lucier, Phillips, Quart, Rowe, Steuart and Williams. (20)

Respectfully submitted.

A. H. McDonald
for
William J. Petten,
*Chairman.*

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

**Senator McDonald** moved that the report be placed on the Orders of the Day for consideration on Tuesday next.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT MOTION

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 24, 1978, at 8 o'clock in the evening.

### QUESTION OF PRIVILEGE

**Senator Greene:** Honourable senators, on a question of privilege—

**Senator Flynn:** Not at this time.

**Senator Greene:** A question of privilege can be raised at any time. I believe that even a minor question of privilege has priority over any other business and should be brought forward at the first possible opportunity.

This is not a very serious one, honourable senators, but I note in the *Minutes of the Proceedings of the Senate* of Wednesday, October 18, 1978, that my name is spelled incorrectly.

**Some Hon. Senators:** Oh, oh.

**Senator Greene:** Now that we are all punching timeclocks here and our attendance is necessary in order to draw our stipend, I thought it might be relevant and I thought it my responsibility to bring this to your attention, honourable senators.

**Senator Flynn:** "Responsibility" would not be the correct word.

### ADJOURNMENT MOTION ADOPTED

**The Hon. the Speaker:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), it is moved by the Honourable Senator Langlois, seconded by the Honourable Senator McDonald, that when the Senate adjourns today it do stand adjourned until Tuesday, October 24, 1978, at 8 o'clock in the evening.

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

**Senator Langlois:** Honourable senators, before the question is put, I should like to tell you briefly, as well as I can at this time, what work we shall have in the Senate next week.

The first report of the Committee of Selection, which was presented today, has been placed on the order paper for consideration at the next sitting of the Senate. On Tuesday, Senator McDonald will move adoption of that report. As soon as the report is adopted, the Clerk of the Senate will be in a position to call an organization meeting to appoint the chairmen of the various select committees of the Senate. Also on Tuesday the Report of the Special Committee of the Senate on the Constitution, which was tabled today, will be taken into consideration. In addition, the Throne Speech debate will continue next week and on Tuesday and Wednesday of the following week.

We shall probably proceed with second reading of the four government bills on the order paper on Wednesday next. However, if second reading of these four bills takes too much time, we may have to suspend the Throne Speech debate for that day.

There are no committee meetings scheduled for next week. The Special Committee of the Senate on the Constitution is the only committee reconstituted to date this session.

Motion agreed to.

[*Translation*]

## POST OFFICE

### DISRUPTION IN SERVICE—QUESTION

**Senator Flynn:** Honourable senators, I would like to ask the deputy leader if he has any news concerning the situation in the Post Office, and if Parliament's decision is being respected? If not, what does the government intend to do?

**Senator Langlois:** Honourable senators, the only information I have is that which everybody heard this morning on the radio, and it is that, apparently, almost all workers in Montreal are defying the law, whereas in Ontario some employees have returned to work.

I am following the situation very closely, and I shall be pleased to transmit to the Senate any further information I may receive.

• (1410)

[*English*]

**Senator Olson:** A supplementary question. May I ask the Acting Leader of the Government whether a report is being made in the House of Commons at this time regarding the cabinet's deliberations on this matter? News broadcasts state that the cabinet is considering what further action might be required.

**Senator Langlois:** Honourable senators, I regret that I have nothing to report on this matter at this time.

**Senator Greene:** A supplementary question. It was reported in this morning's press that Mr. Parrot had instructed his charges not to obey the act. Can the Acting Leader of the Government inform us whether that is correct, and, if it is correct, what action is the government taking pursuant to the act to see to it that this conduct, which is flagrantly contrary to the terms of the act, is prosecuted?

**Senator Langlois:** Honourable senators, as I said, I have to rely on press and radio reports. These reports confirm that such instructions have been issued by Mr. Parrot. However, as to the possible action by the government, this matter is under very active consideration but no decision has yet been taken.

**Senator Flynn:** We understand that these instructions given by Mr. Parrot were expressed before the act came into force.

**Senator Langlois:** These instructions were given almost a week before the legislation was placed before Parliament.

## ENERGY

GOVERNMENT PRICE AGREEMENT WITH ALBERTA RESPECTING CRUDE OIL—FURTHER QUESTION

**Senator Olson:** Honourable senators, may I ask the Acting Leader of the Government whether he has an answer to the question I asked yesterday regarding crude oil prices in Canada?

**Senator Langlois:** That is a complex question to deal with, but I shall undertake to follow developments and inform the Senate as soon as I have the necessary information.

## THE SENATE

ALLEGED DELAY IN CONSIDERATION OF POSTAL SERVICES CONTINUATION BILL—QUESTION OF PRIVILEGE

**Senator Langlois:** Honourable senators, I rise on a question of privilege. With leave of the Senate, I should like to inform the house of an article appearing in the Ottawa *Journal* of Wednesday, October 18, under the heading "Senators wouldn't rush". The article states:

> The Senate refused early this morning to rush through legislation forcing inside postal workers back to work, thus giving the union and the government an extra 24 hours to try to reach a negotiated settlement.
>
> Accusing the government of 'trying to make a fool of the Senate,' Opposition Leader Jacques Flynn withheld the unanimous consent necessary to pass the bill through all three stages in one sitting.
>
> The Senate resumed debate today on second reading—approval in principle—of the bill. Several Opposition MPs felt the delay by the Senate had been carefully engineered by the government to give both sides in the dispute some breathing room.

**Senator Flynn:** They certainly did not use me.

**Senator Langlois:** I shall not carry on reading this inaccurate and misleading article.

[Senator Langlois.]

The Leader of the Opposition went on the radio yesterday morning to explain exactly what took place in the Senate and to make it clear that there was no undue delay by the Senate in dealing with this measure. The reason given, of course, was that the bill came to the Senate just before midnight on Tuesday. There was no foundation whatsoever for the contention by some M.P.s that the delay in passage of this bill by the Senate was the result of a joint action by the Senate and the government so as to give some breathing time to both sides in the dispute. Such an interpretation is absolutely false, and I trust that the Leader of the Opposition will confirm that.

**Senator Flynn:** I certainly would take exception to any contention that I would have anything to do with any scheme of the government's. I would be the last one to be involved in such doings, I can assure you.

**Senator Langlois:** I was quite sure your answer would be just that.

**Senator Grosart:** He does not want his integrity compromised.

**Senator Greene:** It is even a Tory paper.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rizzuto, seconded by the Honourable Senator Bird, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the session.—(Honourable Senator Fournier (*Madawaska-Restigouche*)).

**Senator Flynn:** Honourable senators, because Senator Fournier (Madawaska-Restigouche) is not prepared to speak this afternoon, I would ask leave for Senator Claude Wagner to resume the debate.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*Translation*]

**Hon. Claude Wagner:** Honourable senators, this is the first time I have taken part in the Throne Speech debate in this House and if rumours concerning the possible demise of this great forum are true, this will be both the first and the last time.

Honourable senators, before submitting to you a few thoughts which came to my mind as a result of the political atmosphere in Canada, I should like to express my respect for His Excellency the Governor General and Madame Léger, my admiration to the Speaker, whose dedication and grace are obvious to everyone, my regards for the leaders of the government and of the official opposition whose welcome made me feel at ease, and finally my greatest appreciation to the mover and seconder of the Throne Speech debate who gave remarkable performances.

[*English*]

During the past few years it has become increasingly obvious that Canada has entered a period of deep social, political and economic difficulties. The signs of impending and existing crises are apparent on all fronts—a pitiable dollar, high inflation, high unemployment, and continuing political uncertainty over Quebec. These and other ills increasingly dominate the headlines and national consciousness. But to what effect? Has the news of these foreboding circumstances increased the nation's understanding of their underlying causes or of the needed solutions? I fear not.

● (1420)

Instead of demonstrating a renewed will and determination to seek and implement necessary answers, the collective national reaction has underscored a far greater national problem: Canadian society's chronic inability to face difficult choices or to institute necessary change.

Remember that our problems of unity and economy didn't occur overnight. The dismal state of affairs is the direct result of years of foolish lethargy. In effect, Canadians are beginning to pay the piper for past failures to deal with several of the fundamental issues facing their society.

Two years ago the foundations of this nation were shaken by the election of the Parti Québécois government. With that election all Canadians were forced, at least briefly, to face the stark reality of a unity crisis that has been simmering for decades. For a short time I felt that Premier Levesque's election would act as a positive force for Canada, by instilling in Canadians a newly aroused determination to find the solutions necessary for making our country work.

I expected the new awareness of an old crisis to act as an inspiration. I awaited with expectation the emergence of prominent figures, particularly in English Canada, to lead this nation in a renewed self-examination. Alas, I was doomed to disappointment. For a brief time there was a flurry of debate and soul-searching; a few commissions were formed, a few new magazines appeared—but their endeavours failed to make a lasting impression. For, in a sadly typical fashion, Canadians did not fully confront the newly accentuated crisis, but instead came to accept it as a tolerable reality. Once aware that the new circumstances would have no immediately disastrous effects, Canadian society reassumed its normal characteristics, following its traditional pattern of ignoring problems and resenting the solutions.

How does a nation come to develop such an inability to cope with fundamental problems? In Canada's case, it has resulted in part from the society's loss of overriding natural goals and the citizens' loss of concern for the national good. From its inception, Canada was by nature a cautious, conservative nation. It was, after all, born out of its citizens' steadfast refusal to participate in the great experiment south of the border. That refusal, however, was not simply a negative action; it was instead a positive reaffirmation by Canadians of both British and French ancestry of their love of and loyalty to their distinctive heritages and cultures. In the process they launched a great experiment of their own, creating a federation of two cultural and linguistic groups, a federation which spanned a continent and dwarfed the motherlands of Europe.

Yet how very sharply that early courage and determination contrasts with the mood in Canada today. In the intervening years, Canada developed an affluence and standard of living rivalled by few countries in the world. Yet economic growth has been accompanied by a decline in the importance of the nation's original goals. In English Canada concern over the preservation of a distinctive cultural identity has close to vanished. Patriotic ideals have been replaced with an obsessive and all-consuming desire to maintain and augment the level of affluence and luxury.

A no-questions-asked approach was adopted concerning the methods by which our nation maintained its affluence. There were, of course, numerous warnings, warnings from economists and analysts, warnings about the inevitably negative impact of unchecked foreign investment, of endlessly higher wage demands, of deficit financing and the constant decline in domestic research and development spending and facilities. The many symptoms of Canada's current economic malaise have been apparent for years.

Nevertheless, Canadians managed to disregard those symptoms, adopting the attitude that no problem was too big to be ignored. When serious study and even more serious choices were needed, Canadians remained woefully unprepared to fully recognize the problems, let alone the necessary solutions.

In large part, responsibility for the citizens' failure to come to grips with national problems rests with two of our nation's major institutions.

For far too long the political parties have exploited and encouraged the average citizen's reluctance to face difficult choices. Too often parties have found it expedient to minimize or "trivialize" the problems, to offer palatably easy solutions instead of difficult but necessary ones.

On the few occasions when political leaders have attempted to draw the citizens' attention to the need for important action, they have found that their efforts rendered them extremely vulnerable to the attacks of their political opponents. Robert Stanfield's ill-deserved fate in the 1974 election was eloquent evidence of the reward reserved for political leaders who attempt to place before Canadians solutions to the serious problems affecting the country. Mr. Stanfield's proposal of wage and price controls was, of course, a serious effort to solve an equally serious economic problem. Yet it was immediately attacked and distorted by his political opponents. It became a political disaster. Thus the other parties portrayed the proposal as damaging and unnecessary. As is characteristic of such situations, they offered no real alternative, limiting themselves instead to criticism of the proposals and assurances to Canadians that the situation did not warrant such drastic measures.

● (1430)

Canadians accepted those assurances, choosing to reward those politicians who continued to suggest that the nation's difficulties were not so serious as to require that its citizens

discard their characteristic complacency, or their unjustified expectations of simply acquired and ever-increasing prosperity.

The situation in 1974 was by no means unique. Even today, as the nation staggers toward the still uncertain culmination of the unity crisis, there are those politicians who have found it expedient to deliberately downplay the truly perilous nature of that crisis; to convince Canadians that they could once again afford to place the whole issue of French-English relations and of constitutional reform on a back burner. Instead of assuming their proper role as a force in the unity debate, these politicians, federal or provincial, deliberately devote their full attention to convincing Canadians that the real and exclusive issue is the economy. They are also heard to propose to Canadians the cozy suggestion that finding a solution to the nation's economic woes would, in large part, solve the unity crisis.

Recent polls, which place the issue of national unity low on English Canadians' minds, indicate this tactic has worked. Once again political strategists have lulled Canadians into dangerous complacency. Once again, instead of urging Canadians to accept and examine the seriousness of a deep-seated and long-standing crisis, certain politicians invite them to ignore it. And once again Canadians have willingly accepted the perverse implication that this nation can continue to coast along free from the need to come to grips with problems which threaten it with disintegration and ruin.

However, I must note that the politicians have not been alone in encouraging the general public's desire to avoid the pondering of the hard choices necessary for the nation's continued well-being. The press has also contributed enormously to Canadians' basic unpreparedness.

In a recent commencement address at Harvard University, Alexander Solzhenitsyn, Russian author and exile, noted—and I underline this quotation:

> Hastiness and superficiality are the psychic disease of the 20th century and more than anywhere else this disease is reflected in the press. In-depth analysis of a problem is anathema to the press. It stops at sensational formulas. Such as it is, however, the press has become the greatest power within the western societies—more powerful than the legislature, the executive and the judiciary. One would then like to ask by what law has it been elected and to whom is it responsible? In the Communist east, a journalist is frankly appointed as a state official, but who has granted western journalists their power? For how long a time and with what prerogatives?

In Canada, the media exercises the crucial role of gatekeeper of public knowledge and information. It is journalists' judgments which decide the priority and attention to be paid to issues and to statements of governments and public figures. Through this extraordinary power, the media are able to influence, indeed determine, the public's preoccupations and concerns. Yet given this power, what criteria do the media use in exercising it? As already noted, in-depth analysis is anathema to the news media. Indeed the very term "news" underlines the media's preoccupation with new occurrences and with newly unfolding events.

[Senator Wagner.]

In many traditional journalists' minds, their job is to report the news. An issue remains news only as long as it generates new sensational developments. Thus, if the issue fails to do so, then the media's attention soon turns elsewhere, to the latest jet set gossip or international crisis. Of course, in the process, the media also directs the public's attention away from that issue, not because the issue has been resolved or even fully examined, but rather because it has ceased to be "news". In this fashion, commercially based news criteria, preoccupied with the sensational and superficial, have come to dominate the fashion in which our society views and deals with its problems.

Thus, as with the politicians, the media fails to fulfil the vital task of forcing Canadians to examine in depth the nature and roots of pressing issues. Moreover, inadvertently, the media also acts as an easily manipulated tool for those political forces determined to encourage complacency or to discredit efforts at dealing with problems. Ironically, the English language media's own sense of news judgment concerning the issue of national unity has reinforced and assisted those politicians in their efforts to minimize public interest in the issue.

And so we see the three closely related causes of our present morass: first, our political parties, which have recognized that an appeal to the baser elements of the Canadian character—the greed, the complacency, the desire for single, painless solutions—is often the safest and most rewarding course; secondly, the media's revelling in its enormous power and influence, yet failing to exercise along with that power the accompanying responsibility to fully inform Canadians of the deep and on-going problems facing the nation; and lastly, the citizens themselves who, while in part the victims of the actions of the first two groups, have also in recent times shown a petulant avariciousness, a decline in idealism and patriotic selflessness, and a distressing unwillingness to even acknowledge the seriousness of our national plight.

● (1440)

Against this grim backdrop, what chance does any government or any leader have when attempting to institute necessary change? More often than not citizens are far from fully concerned about the issue and, even when concerned, tend to resent any solutions requiring any effort or commitment on their part.

The political opponents, of course, will be quick to criticize, to confuse, and to delay as well as to offer to the public the impression that a simpler answer exists. The press, of course, in search of the sensational angle, will cover the criticisms, regardless of how extreme or dishonest they may be while, at the same time, seldom extending their examination of the issue beyond the political theatre. Again, I quote Solzhenitsyn, the Nobel Prize winner:

> In today's western society, a statesman who wants to achieve something important and constructive for his country has to move cautiously and even timidly. There

are thousands of hasty and irresponsible critics around him. Parliament and the press keep rebuffing him. As he moves ahead he has to prove that each single step of his is well-founded and absolutely flawless. Actually, an outstanding and particularly gifted person who has unusual and unexpected initiatives in mind hardly gets a chance to assert himself. From the very beginning dozens of traps will be set out for him. Thus, mediocrity triumphs with the excuse of restrictions imposed by democracy.

I have often pondered, with some amazement, the history of the demise of various once vigorous nations and societies, wondering, for instance, how the sensible and educated Germans could have permitted the decadent decline of the twenties Weimar Republic, or the emergence of the Nazi horror in the thirties.

Yet, today, as I watch my own nation drift towards an uncertain future, I have come to understand the insiduous impact of the collective loss of courage and will. I have become convinced that our own future will only improve when this nation's citizens and principal institutions display an as yet unapparent resolve to face fully and responsibly the hard choices that must be made. Our citizens must, quite simply, take off the blinkers, Our media must clearly develop a broader concept of the responsibility of the press, one which rejects the existing restrictive concept of news judgment in favour of a system which places greater emphasis on truly educating Canadians about pressing national issues.

On the political front, I feel this Throne Speech contains some encouraging signs of movement in the right direction. Certainly, there are indications of some efforts by the government to respond seriously to our nation's economic and constitutional difficulties. Whether these responses are appropriate or even sincere will only be determined upon the introduction of the various pieces of legislation.

I would urge Canadians to examine the proposals with an open mind and consider whether they are credible solutions to some of this nation's very serious problems.

[*Debate continued later this day.*]

## GREAT LAKES SHIPPING

STRIKE OF ENGINEERS AND DECK OFFICERS

**Senator Langlois:** Honourable senators, before the next speaker proceeds, I should like to inform the Senate about the situation regarding the Great Lakes shipping strike. I have just received the following information. The meeting which had been scheduled for yesterday did not take place because representatives of a group of employees did not show up. However, since 10 o'clock this morning the representatives of the employees and the employers have been meeting with Mr. Tom Kelly of the Department of Labour, and this meeting is still in progress.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from earlier this day consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. H. A. Olson:** Honourable senators, I have had the honour of being a member of this chamber now for several months, but this is the first time I have had an opportunity to speak in the Throne Speech debate when members are given an opportunity to cover a wide range of matters concerning not only national issues but also regional issues, and I am grateful for that.

I want to begin, if I may, by offering my gratitude to you, Madam Speaker, for the gracious, efficient, and competent way in which you have handled your responsibilities towards this chamber.

I also want to express my congratulations to the mover and to the seconder of the motion for an Address in reply to the Speech from the Throne. I feel that both of those speeches expressed a sense of concern and, at the same time, a continuing confidence in Canada, and I cannot help but completely agree with that. Certainly, the statistics and examples that have been brought to the attention of this house, particularly respecting economic matters, can lead only to the conclusion that we do have that confidence in Canada and, indeed, in Canadians.

I would also mention the speech made by Senator Perrault, the Leader of the Government in this chamber. He went through a number of examples, citing chapter and verse, making comparisons between the situation here and in other countries and, indeed, the situation in this era in this country as compared to other eras. If you look at the complete picture objectively, you can reach no other conclusion but that in economic terms Canada is not in the deplorable state that some have depicted.

• (1450)

I am sorry if in the remarks I have to make I paint a slightly different picture of Canada from that of Senator Wagner's, because from the vantage point from which I see Canada, and indeed Canadians participating in Canada's development, I do not see that black picture of morass and insurmountable difficulties.

I now want to say a few words about the things contained in the Speech from the Throne. As we know, it contained many things. There were economic matters, social policy amendments, as well as constitutional and structural amendments.

Let me deal first with constitutional and structural amendments. After the examination we made of Bill C-60 in the last session, I know of no one in this chamber who would not agree that we need a new bill, a very different bill from Bill C-60. I do not want to get into all the details of that.

During the past summer Bill C-60 was the subject of many more conversations with rank-and-file Canadians than I have ever had before. First of all, that is because of the dominance

of change in the structure of the Senate, and so on, contained in that bill. I suggest that one thing that came through very clearly was that people who had not previously been concerned about Canada's Constitution at all, people who were neither knowledgeable nor particularly concerned about the Senate, the Supreme Court of Canada or other institutions, such as the monarchy, even though they did not understand all of the legalities, the base on which these institutions are in Canada today, became uneasy. Why? Because they regard these institutions, including the Senate, to be some of the anchors of stability in our whole system, and when somebody starts playing around with those kinds of things people become uneasy, even if they do not understand the detail.

I suggest, therefore, that this must lead to the conclusion that constitutional amendments of the magnitude contained in Bill C-60, involving these institutions upon which our whole system is based, should be undertaken in an evolutionary rather than a revolutionary way. In other words, the evolution of constitutional change should go on all the time, whenever we see the need and when there is agreement that there is a need. But when they came along with a package as big as that contained in Bill C-60, including not only the proposal to patriate—if that is the right word—the Constitution, but so many changes in the fundamental structure of Canada's political system, people became uneasy. In my view, we should not try that again.

That raises an important question, which is how we get pieces of the Constitution out of Westminster into the Canadian statutes. That is a very important question, and I do not think I know the answer, unless and until we come up with some kind of acceptable amending formula. I am sure that the almost revolutionary change proposed—although "revolutionary" is not the right word—created uncertainty about these fundamental institutions, and people do not accept that.

We have some lessons from history. I recall the time when we were going to undertake a complete revision of the taxation system in Canada. It is not my purpose today to try to argue that that whole package was wrong or right, or whatever, but the fact is that it was too much all at once. Yet the commissioner said that his proposals were structured in such a way that you could not do it piecemeal; you had to take the whole package or nothing. In my view, the consequence of that, even in retrospect—and I think many other people hold the same view—was that it created so much uncertainty about what the whole new taxation regime would look like that people backed away from it, and resented it, for that very reason alone. I think it is fair to say that business concerns, which were vitally interested in what the taxation rules were going to be, backed away from it and resented it, and did a number of things that they would not otherwise have done to resist it had the uncertainty created by the proposals not been there.

I want now to say a word or two about some of the social policies contained in the Speech from the Throne. I agree that adjustments in old age security and family allowances should continue to be made, even in times of austerity—if that is the way we are supposed to describe our national government's plans at the moment. These kinds of amendments to and improvements in social policy ought to continue. I think it is fair to say that with the level of prosperity that we have, by and large, across the country today, we do not have the right to abandon, and we ought not even to consider abandoning, those who cannot defend themselves against inflation and other things that are going on in the country.

Turning to economic matters, I want to express agreement with some of the industrial and commercial incentive or stimulative measures that I suggest are, at least prospectively, beneficial to the country. Certainly I agree with a tightening up of some of the programs that would prevent, or at least inhibit, the redistribution of Canada's production to those people who now possess a reasonable share of our economic output. I have no disagreement with that at all.

However, a very serious question is raised in my mind about whether or not having an overall austerity program is the way to stimulate the economy. I know that the reason advanced for some of the austerity measures that have been announced in the last two or three months is that they are for the purpose of trying to create confidence in the minds of men and women in business so that they will be prepared to invest in Canada's future, to invest in new plant and new distribution centres, and thus create jobs.

● (1500)

I do not believe, however, that when the government embarks upon an austerity program it encourages business to invest. That has not been the case in the past. I want to make it abundantly clear that some of the programs that have been causing a lot of money to flow through the Treasury and that have, in some cases, reached the point where they are abused—I do not need to spell them out—should be cooled down a bit. But to withdraw from important and useful public works projects and expect that kind of action to stimulate the Canadian economy is not wise, because things will not turn out that way. There are several examples of this. There is the large power project in Quebec. If it is determined that this project will be needed at some future time to provide more power, I think that at a time when we have high unemployment, and a time when we probably have the labour resources to do the job, we should get on with it. This is a good example of something we should do when there is slack in the economy.

I have a great deal of difficulty in accepting the fact that withdrawal from public works projects will lead to the desired results later. From talking to businessmen at all levels, even some in the higher echelons, I find that there seems to be a contradiction, in that the program does not encourage businessmen to go out and expand investment. So I hope there will be some reconsideration given to whether or not an overall austerity program is desirable.

I realize commitments were made in concert with a number of the other western industrial nations. I do not disagree with our having given those commitments. Canada cannot solve the problem of inflation, which is now threatening to go back into the two-digit figure, alone. Even the United States, as powerful as she is economically, is not going to be able to solve that

problem alone. It will be done in concert with a number of nations, or it will not succeed.

We should really have another look at some of the various projects that we could undertake in Canada to take up some of the slack in our economy. It seems that we do not learn the lessons of history very well. I am not blaming this government for that. Other governments have made the same mistake. We can talk about the thirties. It was a chain reaction of contraction not only in Canada but also in most of the world. That is such an outstanding example that we should not have to draw it in any detail. But we had another example from 1961 until 1964 when another political party was in office, and they followed essentially the same pattern of starting to cut out certain types of programs. I think the same mistake was made then. The Canadian economy pulled through then, and I have every confidence the Canadian economy will pull through again. But it will be done as a result of factors other than an austerity program. As a matter of fact, an overall austerity program will delay our achieving an expansion in our economy. At least, that is my view at this time.

We are going to have other problems. Everybody knows what is happening in the labour-management situation today. I do not think anyone need be surprised that we have these labour difficulties since the Anti-Inflation Board's jurisdiction came to an end. The Anti-Inflation Board withdrew some months ago, and it will have pulled out completely by the end of the year. We knew there was this attitude not only on the part of unions but also at management level. Senior executives were just going to wait until the close, and then catch up. From what I hear, there is even an attitude in the higher echelons, the management group, that their expectations of catching up are much higher than the expectations of the labour unions. We are going to face that situation in the next few weeks or months, if it is not already upon us.

When I look at that kind of attitude and the demands that are based on it, I really wonder whether we are facing problems of hardship or, indeed, problems caused by prosperity. When I say that, I am just wondering if it has not become such a habit in Canada to constantly seek a larger piece of the pie rather than to be concerned about increasing the size of the pie, that we have come to the point where there is complete disregard for the total.

**Senator Greene:** It's pretty crummy.

**Senator Olson:** It is crummy. I suppose that is one word you can use. I was really trying to search out some solution. If it is a problem of hardship suffered by people who are demanding more and more, I think we can meet that. If their hardship is limited to a lack of creature comforts, such as food, clothing and shelter—

**Senator Greene:** Pure pie.

**Senator Olson:** If they are problems arising out of prosperity, where they now have the capability of being adamant without the risk of hardship, then we face a different set of problems which I suggest require different solutions.

What are those solutions? I suppose the obvious one is to reduce the prosperity until there is some hardship. That changes the attitudes of people, but it is a very savage, vicious and inhumane way of going about it. We do have to face the possibility that in some cases it may be the only way by which this attitude can be changed. But I sincerely hope not, honourable senators, because Canada has such a tremendous capability that we are able to produce all the goods and services to not only maintain our present standard of living but to increase it. I am absolutely confident that this will be the case, providing people realize that if they want a bigger share of the pie then there must be a bigger pie to share; they cannot expect a bigger share of what someone else has.

• (1510)

To find solutions to these problems I suppose we will have to go via the trial and error route. Human nature being what it is, I suppose there will be some hardship somewhere along the line—or what appears to be hardship relative to our present standard of living. Demands by some may be so severe that people are going to suffer hardship before they become aware of the fact that there is no other way, that there is no other solution. However, as I said a moment ago, I hope not.

I now wish to deal with one or two other matters, and I promise to keep my remarks fairly brief. First of all, I think we should remind ourselves that Canada has unique problems, unique in that they apply to Canada almost exclusively. I am talking about the financial problems we are experiencing with the devaluation of the Canadian dollar, problems which some people consider great problems. I do not fall into the class of people who think the devaluation of the Canadian dollar in relation to the United States dollar is a problem.

When I say these problems are unique, I mean they are unique because of the size of our involvement with the United States, and, in particular, the size of our involvement in financial matters with the United States. In this respect, I am talking about the money market, and the size of our trade both in absolute terms and as a percentage of our total trade. These problems are different for Canada—much more different for Canada—from what they are for other countries. We must address ourselves specifically to that and try to find solutions that are different from those used by other countries, and, indeed, historic solutions at that. For example, our economic intercourse with the United States and her financial markets are such that we have set up certain patterns—that is, we have allowed a great deal of foreign investment into Canada. We appreciated that when it came because it expanded our economic base and provided much needed jobs. However, I think we forgot, at least partly forgot, that we have to pay for that both in terms of interest and dividends. These patterns developed because there was sufficient new investment coming into Canada all the time and that took care of our deficits, and the dollar remained strong as far as the supply and demand of international exchange was concerned.

Since then two or three things have occurred. The savings levels of Canadians have gone up so much lately that it is now unnecessary for certain corporations—corporations which tra-

ditionally made massive borrowings from the United States—to borrow from the United States. I am thinking of massive borrowings such as those made by the provincial governments, and large corporations such as Hydro Quebec and Ontario Hydro, when they borrowed at the levels of the past. Indeed, the pattern goes all across the country. Recent borrowing has not been at the level it was in the past.

The traditional borrowing pattern is going out of balance. It is not improper for the Minister of Finance to borrow outside the country, particularly in the United States, when some of the other traditional borrowing has slowed down. Some people think that this is done at a tremendous cost to the Canadian treasury, but I suggest it is not, and that it is indeed appropriate. Whenever there are great shifts in the traditional movement of money, problems arise. I do not have the same concern that many have expressed as a result of the choice of the Minister of Finance to add some foreign exchange to our holdings by borrowing from the United States. For example, if one major hydro corporation had borrowed half a billion dollars from the United States, that would have had just as much effect on the supply-demand ratio as the borrowing of the same amount by the Minister of Finance.

I believe we should take these things into account. I also believe that we should stop highlighting some of our diversity. I realize that I am at variance with the previous speaker on this, but I do not think all this highlighting of matters of diversity that has occupied centre stage for the past few years has helped much. I do not think it has brought a greater measure of unity. I am not even sure that it has brought us closer to finding an acceptable solution, but it might have. I am sure it has done some damage to our overall economic performance, and I am also certain that many people—at least those living in the part of Canada I come from—believe that we should have spent a little more time on economic matters and a little less time highlighting these diversities. I do not think we should ignore them. I think we should continue to recognize that these divisions are there, and that we should make further progress towards overcoming them, but they should not occupy centre stage any longer. We should give these matters less attention today.

● (1520)

I think we should be positive. There is a great amount of sound economic activity going on in Canada, and there is the potential for much more, and we should start talking it up more and more. We should be proud of Canada and what it has achieved.

I have travelled somewhat extensively around the world. When one travels, one inevitably makes comparisons, and I can say that I am always much more appreciative of Canada as a result of such comparisons. There are some nations which have a material standard of living that is comparable or nearly comparable to that of Canada, but when one includes all things which go into a satisfactory standard of living—such things as public institutions, the political structure, and so forth—Canada comes out best.

[Senator Olson.]

I should like to conclude with some remarks respecting Bill C-60 of the last session. It seems to me that there is a message for honourable senators in Bill C-60 and that is, if there is one criticism of this chamber it is that we have not fulfilled our obligation to look after the regional interests. I do not know how many of my colleagues share that point of view. I endeavour to take care of the interests of the region or part of Canada I come from. Also, I am constantly reminded that one of the main purposes in setting up the Senate in the first instance was to provide representation for regional interests at the federal level.

I think we should meet that criticism. It would probably mean spending quite a bit more time in considering bills which have a significant regional impact. But I also think that we have to temper it, at least slightly. It would be very easy to dig one's heels in on a regional basis and be adamant to the point of frustrating national purposes. In addition to being responsible for putting forward the regional points of view, we have a responsibility to look at the overall national scene. The two interests have to be balanced, but perhaps we could swing a little more toward the regional aspect, which would mean many more hours both in the house and in committee work.

Honourable senators, that is the message I got from Bill C-60, and I think we should try to meet that criticism even before a new bill is introduced.

**Hon. Henry D. Hicks:** Honourable senators, I am pleased to associate myself with the pleasant custom of offering congratulations at the beginning of one's remarks in the Throne Speech debate.

I offer my congratulations to you, Madam Speaker, for the pleasant way in which you preside over our deliberations in this chamber, and for the excellent way in which you perform your other duties on behalf of the Senate outside this chamber.

Both the mover and seconder of the motion for an Address in reply made very interesting speeches, and I congratulate them, as I congratulate all of those who have preceded me in this debate.

I had intended to make some remarks about constitutional matters, but, frankly, I am so satisfied with the position adopted by Senator Bird in her remarks seconding the motion that I think it not necessary for me to say anything more, other than to acknowledge that she said very well those things that I myself would have said had I addressed myself to that subject. There is no need to put the same views on the record more than once.

I want to speak, relatively briefly, on three matters today. The first of them has to do with the question of labour relations and strikes in the public service and in the great essential services, including transportation and communications, and the great utilities such as those which generate and distribute electricity. It is trite to point out that the situation in the 1970s is a very different one from that which obtained when the technique of strikes was developed during the last century in the industrial countries of the world. Our society has become vastly more complicated. We have all become

more dependent upon one another, and we have all become far more dependent upon public utilities, communications, transportation, and so forth.

Frankly, I now think, after having given a good deal of thought to the subject, that we made a mistake when we gave the right to strike to members of the public service. I think we should reassess our position in relation to that. True, it was always said that public servants, before they were given the right to strike, were not paid as well as people in the private sector. As against that, they had job security and generous pension allowances. Today, of course, the level of their salaries has caught up with and, in many cases, exceeded their opposite members in private industry, and the pension arrangements throughout our society have become, if not universal, inclusive of a very large proportion of our population. I think it ought to be a condition of employment in the public service, as well as in some of these other essential services, that there should not be the right to strike.

Yesterday, for the eighth time in as many years, according to Senator Asselin, we passed special legislation taking away the right to strike as soon as the weapon was resorted to by the workers. I think we should anticipate this in the future, and we should provide binding or compulsory arbitration, or some other technique, and do away with strikes in the public service and in the great essential services and utilities.

I know that this proposal will be regarded by some as highly reactionary on my part, but I make it because I do not want to see the ascendancy of reactionary forms. Indeed, I make it because I think it may prevent a reaction which would be too extreme. History has shown that in times of disorder and chaos men have continually chosen order and security at the expense of individual and political liberty. I am afraid, if the representative parliamentary democratic process, which we all believe in and value so highly in this country, cannot keep the institutions of our society operating smoothly, including the relationship between management and labour, that even in a country like Canada people may choose an authoritarian government which will ensure order at the expense of liberty.

That may seem a remote possibility to Canadians, but there has already been reference made in today's debate to the same sort of thing happening in the enlightened countries of Italy, in supporting Mussolini, and Germany, in supporting Hitler, within the lifetime and recollection of many of us here. So, I do not make this proposal because I want to be more reactionary. I make it because I think that by solving this problem now, and giving the working people who are concerned alternative measures to ensure that they are treated fairly, paid reasonably and have reasonable working conditions, and so forth, and by doing so under our free society, we may prevent a more reactionary move—a move which, I am sure, none of us would approve of.

● (1530)

Now, quite apart from whether we will in the near future, or at any time in the future, adopt the suggestion that I have made, I want to say that from a local point of view the recent strike of Air Canada pointed out the extreme isolation experienced by a province like Nova Scotia when Air Canada goes on strike. And whether or not we stop strikes in the public service, including the great transportation utilities like Air Canada, I think there should no longer be any delay in the granting of an alternate franchise for some other national carrier to fly into Halifax.

I understand that there is an application on behalf of Canadian Pacific Airlines at present being considered. In my view it should be granted forthwith. In addition to that, I believe that some other carrier should be allowed to fly from Nova Scotia into Boston and New York or, failing that, we should give a franchise to an American airline to fly into Halifax and perhaps some other centres in the Atlantic provinces. We ought not to be left dependent only on the services of one carrier when the consequences can be so difficult in the kind of world in which we live today.

I have only one other subject I want to comment on, and that has to do with the restraints program of the government. I think that people generally recognize the necessity for these restraints, and generally support the government in implementing them. I certainly recognize that this means that there have to be difficult decisions made, and that there are always going to be people who will be disappointed when projects in which they are particularly interested are curtailed, slowed down or delayed. But I do think it is very shortsighted in a country like Canada to curtail expenditures in those areas that are important to the productive capacity of the country, and to the exploitation of our natural resources. I have an example to illustrate the point I am making.

It is suspected that the fisheries research establishment in Halifax is going to be closed down or phased out of existence. Surely this does not make good sense at a time when Canada is trying to exert control over a much larger coastal zone—the 200-mile fishing zone—and when the reputation of this laboratory and its contribution to fishing techniques, the processing of fish foods, and so on, has been so great. I have had a number of letters written to me about this, and I should like to quote a paragraph from one scientist who writes:

> It should also be pointed out that the scientific community as a whole will suffer by the closure. The laboratory here in Halifax has an international reputation as a result of its ongoing and outstanding research programs. There exists therefore a group of scientists who are working efficiently with modern methods and equipment to keep in the forefront of research. It seems utterly unthinkable that such a group would be split up and diversified when Canada already has far too few groups of this calibre.

And he also says that the library at this institution "has an excellent collection of marine and food related journals which are not available . . . elsewhere in the Halifax-Dartmouth area." These journals are often consulted, of course, by many persons who are not members of the Fisheries Research Board.

Another scientist wrote to me—and I would point out that neither of these is employed by the Fisheries Research Board—and said:

> The work of the Halifax laboratory involves pure and applied biochemistry of fish and fish products, food processing technology, the development of fishing equipment and advice to industry. Referring to the biological and biochemical side of its work, . . . the point should be made that although the laboratory is a relatively small one by Federal standards its staff is a highly competent and internationally recognized one. In particular—

And then he names four scientists.

> —are highly respected on the international scientific scene. To break up a group of this quality, whose work is important locally, nationally and internationally, is equivalent to vandalism.

That is what my correspondent says. Well, I do not know if the situation is as bad as that or not, but I think this is an example of trying to save a relatively small amount of money in an area where we may cut off research that will affect the productive capacity and the gross national product of the entire country.

Those, honourable senators, are the only points I wanted to make this afternoon. I thank you for the attention that you have given to me.

On motion of Senator Macdonald, for Senator Walker, debate adjourned.

## POST OFFICE
## GREAT LAKES SHIPPING

### LABOUR DISPUTES—MINISTER'S STATEMENT

**Senator Langlois:** Before moving the adjournment of the Senate, I should like to inform honourable senators of a statement made in the other place this afternoon by the Honourable the Postmaster General. He said that those CUPW leaders who feel that they will not be prosecuted are very much mistaken. They should be aware that the full force of the law will be applied. Post Office workers will be protected from those who would intimidate them. Later, he added that there will be no lockout. Those who turn up for work will be allowed to work.

With respect to the shipping strike, I am informed that the meeting of the employers and employees on strike with officials of the Department of Labour is still in progress.

The Senate adjourned until Tuesday, October 24, at 8 p.m.

## APPENDIX

(*See p. 55*)

## THE CONSTITUTION

### FIRST REPORT OF SPECIAL SENATE COMMITTEE

WEDNESDAY, October 18, 1978

The Special Committee of the Senate on the Constitution has the honour to present its First Report as follows:—

### I—GENERAL

#### INTRODUCTION

1. *The Committee*

One June 20, 1978, Bill C-60 entitled "An Act to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada, and to approve and authorize the taking of measures necessary for the amendment of the Constitution with respect to certain other matters" was given first reading in the House of Commons. At the same time, the Government stated that its target date for enactment of the Bill was July 1979. In accordance with the practice of the Senate to refer to committee the subject matter of important bills introduced in the House of Commons in advance of their coming to the Senate to allow time for careful study, and so that the Government and the House of Commons have the benefit of recommendations of the Senate before such bills are adopted by the House of Commons, the Senate on June 28th authorized the appointment of a special committee to consider and report upon the subject matter of Bill C-60.

The committee, which was known as the Special Committee of the Senate on the Constitution, was duly appointed and commenced its consideration of the Bill on July 25th. Prior to the end of the last Session of Parliament, it had held thirty-six sittings for the purpose of hearing witnesses (see list attached as Appendix "A") and study and consideration of the Bill. Preparation of a report was in the final stages but it was impossible to complete it in time for tabling before the Session ended on October 10th. The committee therefore reported accordingly and recommended that it be reconstituted for the purpose of completing the report. The present committee was appointed by the Senate on October 11 for that purpose and to continue its study of constitutional matters.

2. *Nature of the present report*

Although as indicated above the committee has held a number of sittings over a period of approximately two and a half months, it does not consider that there has been sufficient time either to hear all of the evidence that is required on the proposals contained in Bill C-60 or to reach final conclusions on all aspects of the Bill. The proposals are novel and far reaching and deserve serious and unhurried study. Nevertheless, because of statements that the Bill would not be reintroduced in its original form and that drafting of a new bill would likely be put in hand soon, your committee considers it important to record without delay the views based on the study that it has been able to give to the proposals so far, so that they will be available for consideration in discussions leading to a revised bill.

Your committee heard expert evidence on the proposals in general as well as on particular subjects. In addition, it had several sessions with the draftsmen of the Bill.

While your committee is not in a position to comment on all of the provisions, the queries raised during its hearings are on the record and will be available to those involved in the continuing process of constitutional reform. In this connection, your committee commends to those interested the excellent summary of evidence and discussion prepared by the Research Branch of the Library of Parliament, copies of which are available.

#### THE "PROCESS" OF CONSTITUTIONAL REFORM

The *British North America Act* may be 110 years old and some of its language quaint, but it is a document that has, in the main, served Canadians well and proved to be enormously flexible. Drastic changes to it should not be made in haste.

There has been great difficulty over the years in accomplishing comprehensive constitutional change and your committee wishes to commend the Government for taking the step of putting proposals in legislative form. This, together with the original speedy timetable for adoption has focused the concentrated attention of Canadians on constitutional questions.

Essential parties to any form of wide-ranging constitutional reform are the provincial governments. Their negative reaction to Bill C-60 is well known. It was expressed first in August at the Conference of Provincial Premiers in Regina and again in Montreal in September at the meeting of provincial ministers responsible for constitutional matters.

The Premiers complained about the amount of prior consultation, the announced intention of proceeding unilaterally in certain areas and the fact that proposals on the distribution of legislative powers were not available for simultaneous discussion.

Following a challenge, by expert witnesses, of the claimed legal right of Parliament to proceed unilaterally on the proposals regarding the Monarchy and the House of the Federation, the Joint Committee of the Senate and House of Com-

mons on the Constitution adopted a resolution recommending that the question be referred to the Supreme Court of Canada for decision. Shortly afterwards, the Minister of Justice announced that the question insofar as it concerned the House of the Federation would be so referred.

The reference to the Supreme Court will settle the legal question so that any amendments ultimately agreed upon can be made in the certainty that the proper procedure has been followed. However, whatever the Court may say about the necessity or degree of provincial agreement that must precede such amendments, your committee hopes that they, as well as other proposals, will be made in close consultation with the provincial governments.

Your committee expects that these events, the forthcoming federal-provincial constitutional conference and the report on the Task Force on Canadian Unity will have the effect of slowing down the timetable originally proposed and of bringing the discussion of all factors into much closer proximity.

While the advisability of attempts at comprehensive constitutional reform has been questioned (see for example Dr. J. A. Corey, "Uses of a Constitution", *Law Society of Upper Canada Special Lectures on the Constitution* (1978), particularly at pages 3, 13 and 15), if we are to embark on such an attempt, it is the committee's view that all of the proposals should be laid before those whose decision is required.

## AN AMENDING FORMULA

A fundamental question in constitutional reform is the development of a suitable amending formula for those important areas, including sections 91 and 92 of the *B.N.A. Act*, that can now only be amended by an Act of the Parliament of the United Kingdom. Reaching agreement on such a formula is essential to "patriation" of the Constitution.

It is also important in the face of the many proposals in the Bill to "entrench" certain provisions. The nature of the amending formula will have a bearing on the question of whether or not it is desirable to place a given provision in the entrenched category. If the formula is too strict, some provisions may be better left unentrenched.

The proposal regarding the House of the Federation also illustrates the importance of the question of entrenchment. One of the legal issues as to Parliament's right to enact the proposal unilaterally turns on the question of whether the proposal to substitute a House of the Federation for the Senate affects rights or privileges granted or secured to the legislature or the government of a province within the meaning of head 1 of section 91 of the *B.N.A. Act*. For even if the Supreme Court should decide that enactment of the proposals does not affect such rights or privileges and that Parliament is competent to enact them, the proposals themselves, by giving to the provincial legislatures the right to select members of the House of the Federation, appear to secure such rights. Thus, while Parliament might be competent to enact the proposals initially, it might be incapable of amending them in the future.

Bill C-60 contains no proposals on an amending formula, although the Government subsequently issued a paper entitled "The Canadian Constitution and Constitutional Amendment", which reviews the history of the search for an amending formula in Canada and sets out various possibilities.

Your committee considers that high priority should be given to reaching agreement with the provinces on an amending formula as part of the continued discussions on the substance of constitutional reform.

# II—SPECIFIC OBSERVATIONS ON BILL C-60

## DRAFTING STYLE

The drafting of Bill C-60 in your committee's opinion leaves much to be desired in many cases. The style of presentation is very similar to that of ordinary federal statutes dealing with technical or complex subjects. While an arrangement consisting of elephantine sections with numerous subsections and paragraphs may be suited to such statutes (not all would even agree on this) your committee suggests that some other approach should be used when it comes to constitutions. Someone has said that the Bill reads like a lease, others have said that it reads like the *Income Tax Act*. Surely neither is a model of inspiring literary excellence. A constitution should be an enduring historical document, capable, so far as possible, of easy understanding by the layman and by students. If the language of the *B.N.A. Act* is, as the Government paper "A Time for Action" suggests, "obscure" and "the style plodding and uninspiring", the Bill is little improvement.

## STATEMENT OF AIMS

Your committee considers it desirable to include a Statement of Aims in the Constitution. They should be more tersely expressed however and arranged in a more easily readable manner. Clause 3 alone, for example, is a sentence of seventeen lines and many of the stated aims set out in clause 4 are nearly as long.

## CHARTER OF HUMAN RIGHTS AND FREEDOMS

### 1. *Present Provisions*

The present Bill of Rights is an ordinary statute of Parliament that could be repealed or amended by Parliament at any time. While the Bill of Rights contains provisions indicating that it is to apply even to subsequent statutes that conflict with it, the courts have been hesitant to apply it. The Bill of Rights applies, of course, only to federal legislation, although some provinces have enacted their own Bill of Rights.

### 2. *Bill C-60 Provisions*

Bill C-60 would incorporate the substance of the present Bill of Rights in the Constitution. It would add additional rights, some of which are taken from existing provisions of the *B.N.A. Act* and other statutes, dealing with the inter-provincial mobility of citizens, the duration of elected legislative bodies and language and schooling rights.

The Charter would apply to all federal legislation from the date of coming into force of the Bill (subclause 131(1)). In its provincial dimensions, however, it would apply only to those provinces that decided to "opt in". The incentive for each province to do so is that the Federal power of disallowance of provincial legislation would be dropped when any province "opts in". Apparently, however, a province could opt out later and presumably the power of disallowance would then revive. While there is provision for eventual entrenchment of the Charter (subclause 131(2)), the effect and meaning of this obviously cannot be understood until an amending formula is devised, with provision as to how it will operate in relation to amendments to the Charter.

3. *Evidence*

Of the distinguished witnesses on the subject of human rights that your committee has heard to date, none appeared critical of the actual inventory of rights and freedoms proposed, although your committee points out that it has not had time to hear sufficient evidence with respect to the proposed inter-provincial mobility rights and the language and schooling rights.

On the general question of the enforceability of the Charter, one witness was opposed to entrenchment on the grounds that it tends to give too much legislative authority to the Courts and would hamper the ability of the people to reflect changing values in society through legislative action.

Another witness, although not opposed to entrenchment, felt that it would add little to the enforceability of a constitutionalized Bill of Rights that clearly expressed the intention that it was to override other legislation, He was also concerned that the proposed wording of the Charter would permit continuation of the "frozen concepts" theory in establishing rights and freedoms. Finally, he was concerned that some of the rights and freedoms granted might be rendered illusory by the absence of adequate remedies and, particularly, of an exclusionary rule in regard to administrative acts and evidence obtained in contravention of the Charter.

4. *Observations*

Your committee agrees with the proposal to place the Bill of Rights in the Constitution.

Notwithstanding the cogent arguments that exist to the contrary, your committee considers that, in principle, entrenchment of a Charter of Rights and Freedoms applicable to both the Parliament of Canada and the provincial legislatures would be desirable. It refers, however, to its earlier observations about the relationship of entrenchment to a suitable amending formula and the difficulty of recommending entrenchment without knowing how the formula would operate.

Your committee refers to the Summary of Evidence prepared by the Research Branch of the Library of Parliament mentioned earlier in this report and the Proceedings of the Committee, Issue No. 4, August 10, 1978 as to suggestions for improvement in the wording of certain sections.

## THE MONARCHY, GOVERNOR GENERAL AND CABINET

Your committee considers that some of the fears expressed on the subject of the provisions relating to the monarchy, the Governor General and the Cabinet have exaggerated the extent of the changes proposed in the Bill. At the same time, it considers that the Government's avowed objective of stating the actual practice of constitutional monarchy in contemporary terms would, insofar as the role of the Queen is concerned be better achieved by

(a) referring to the Queen simply as the "sovereign" of Canada (as in the French text of clause 30) rather than the "sovereign head" of Canada;

(b) declaring, in clause 43, that the executive government of and over Canada shall be vested in the Queen to be exercised by Her Majesty personally or by the Governor General of Canada; and

(c) retaining the Queen as part of Parliament.

With respect to the appointment of the Governor General, your committee is of the view that some consideration should be given to the inclusion in the Constitution of a provision relating to the security of tenure of the person occupying the position of Governor General.

Your committee considers that section 55 of the *B.N.A. Act* should be modernized by removing the provision for withholding assent or reserving bills for the Queen's pleasure as this provision is clearly obsolete.

Your committee also questions whether clause 47 vesting the commander-in-chief of the Canadian Forces in the Governor General is really necessary, as clearly the Forces are subject to the control of the Government and Parliament.

If the change recommended in paragraph (b) above is made, that part of subclause 48 (2) that purports to preserve the powers of the Sovereign while in Canada, could be deleted as unnecessary.

Your committee sees no reason for changing the name of the Queen's Privy Council for Canada to the Council of State of Canada.

Your committee agrees that there should be explicit provision for the Cabinet, but suggests that it be described as consisting of the Prime Minister and such other privy councillors as are ministers of the Crown and are invited to be members of the Cabinet by the Prime Minister. The Cabinet should also be described as the principal instrument of policy, charged with the general management and direction of the Government of Canada and collectively responsible to the House of Commons. This should not, however, prevent individual ministers from answering for their respective departments. Your committee agrees that no person should be eligible to be a member of the Cabinet unless that person is a

member of one of the Houses of Parliament or is qualified to be a candidate for election to the House of Commons. However, your committee is of the view that a member of the Cabinet, or a minister, who for any period of six consecutive months is not a member of one of the Houses of Parliament should, at the expiration of that period, cease to be a member of the Cabinet or a minister.

Your committee does not believe that a Prime Minister who has lost the confidence of the House of Commons should have the right, let alone the duty (as proposed in clause 53(2)(b)) of advising the Crown or its representative whether he, the defeated Prime Minister, should be invited to form a new Government. This would be not a restatement of, but a marked departure from, the existing convention (under which a Prime Minister who resigns, for any reason, has no right to proffer any advice whatever as to his successor, unless the Crown or its representative asks him to do so, and even then the advice need not be taken).

Your committee finds the provisions of clause 51 obscure. If they are intended to provide for the appointment of Ministers of the Crown who are not to be members of the Cabinet, they should say so clearly. But the committee's proposals on the constitution of the Cabinet (that it should consist of those Ministers invited to it by the Prime Minister) would remove the necessity for any such clause, if indeed its purpose is simply to provide for a two-tier Ministry, as in Britain.

Your committee considers that any attempt to put the conventions, customs and usages of the Constitution into a text of law should for various reasons be approached with the utmost caution.

For example, except for a very few simple matters, like the responsibility of the Cabinet to the House of Commons, it would be very hard to do. For one thing, there is often some uncertainty, even among constitutional writers of repute, as to precisely what they are. As long as they are left uncodified, this problem can be dealt with by the political process itself: the House of Commons and the electorate can decide what a particular usage, custom or convention is.

Your committee agrees that the written Constitution should make it plain that its text is not the whole of what Sir Leonard Courtney called "the working Constitution"; that conventions, customs and usages play an enormous part in the way we are actually governed. This might be done by providing that the constitutional conventions, customs and usages in existence in Canada immediately prior to the coming into force of a new Constitution would not, unless therein provided, be affected or rendered enforceable by the court.

## THE SECOND CHAMBER

Bill C-60 proposes that the present Senate be replaced by a second chamber composed of people selected by the parties in the provincial legislatures and by the parties in the House of Commons, with terms coinciding with those of the respective elected bodies, power reduced to a 60 day suspensive veto and jurisdiction extended to include approval of certain appointments and a special role in matters of linguistic significance.

Senators welcome the opportunity, provided by the government through Bill C-60, to debate reform of the Senate. It is a process in which they and others have engaged. They were a party to the report of the Joint Committee on the Constitution in 1972. But it was not competent for the Senate to implement those findings and the government did not do so.

This report will not discuss specific alternative proposals for the composition, role and veto power of a second chamber in Canada. Reform is required. Senators would promote it and would be anxious to assist in the process. But the constraints on the time available to your committee have prevented it from undertaking such a study in time for this report. The committee, having been reconstituted by the Senate, intends to do so in the coming months.

It is, however, appropriate to discuss here the fundamental aspects of a Second Chamber.

Any proposal to deal with the structure and function of a Second Chamber in a federal parliamentary system must take account of certain basic principles. It is the basic flaw of Bill C-60 that it uses the single test of regional representation. Any such proposal should decide whether the chamber should be elective or appointive. It should consider its role in a system of checks and balances including a check on the executive. It should consider the importance of revision of legislation. It should assess the value of using the chamber to articulate regional interests and the interests of minority groups without frustrating the parliamentary process. It should evaluate its role in the investigation of and report upon issues of great national concern.

It is proposed to assess the provisions of Bill C-60 for a Second Chamber against these principles.

*First,* should the chamber be elected or appointed?

Granted, it is anomalous in a democratic age, that a Second Chamber in the parliamentary system should not be responsible to an electorate. But there are cogent reasons why it is so in our system.

They arise mainly from the fact that in the Commons of a parliament is the power of the purse. To the Commons alone is

the executive responsible. A directly elected Upper Chamber would claim equal authority with the Commons. This is so within the Congressional (Presidential) system. It is less appropriate in the parliamentary system, and if the parliamentary system is to continue in Canada, the Commons would not have it other than it now is. In theory many Canadians might applaud a move to make the Upper Chamber directly elective. One must be realistic, however; the House of Commons would not tolerate such a change.

Appointment to office is not foreign to our public institutions. The method is used with good results for the judiciary, for the Public Service, for crown corporations, and, after election, for the Cabinet. But when it comes to appointments to the Senate, they are criticised as being favours conferred by the party in office upon the faithful. Bill C-60 does not answer this criticism and actually diffuses responsibility for the appointments.

*Secondly*, how would the proposed House of the Federation function as the main element in a system of checks and balances including a check on the executive?

Lord Campion, a noted authority and writer on the British parliamentary system, comments upon these principles and in respect of the Parliament of the United Kingdom notes:

> "... the development of party machinery, the growing stringency of party discipline ... have ... worked ... to increase the ascendancy of the Executive over Parliament. The Government has also been the chief beneficiary from the restriction of the legislative power of the House of Lords. There has been a deterioration in the position of the House of Commons, as a body, and in the status of individual members."
>
> (From "Parliament and Democracy", published in *Parliament: A Survey*, London, 1952, at page 25)

In Canada, too, Cabinet acts as one; the party acts as one; this is the system. For this reason parliaments in the great democracies of the Western World devised and use the bicameral system.

Should the House of the Federation, as projected in Bill C-60, reject or delay or amend legislation in a manner unacceptable to government policy, the bill in question could be presented for Royal Assent within months, without its concurrence and in most cases without reconsideration by the Commons. In this way, the will of the executive, exercised through its whips, would prevail regardless of the views held in the second chamber. The committee feels that Canadians would not want to vest such absolute power in the Executive. The very existence of a second chamber with meaningful veto or suspensive power is a brake on autocratic behaviour by government.

There must be a balance, however, between curbing autocratic government and ensuring to the federal authority the clear power to deal decisively with national issues and national emergencies. A House made up of members owing allegiance to so many political leaders and characterized by fragmentation of political opinion could well be an obstructive force in the legislative process, even within the time allowed by the proposed limited power to delay passage of legislation.

*Thirdly*, how would the House of the Federation perform as a body to revise legislation?

Today, the need for study and revision of the ever increasing volume of legislation, the requirement that judgment must bear upon hastily conceived programmes in the social, economic and political life of the nation, the importance of dealing with new complexities of private and public life—such requirements call for some legislative court of appeal, devise it how you will.

The bureaucracy prepares programmes for the Ministers. In turn, the executive through the caucus and the whips apply their pressures to the Commons. The opposition debate, deplore and decry. But after the division bells have rung, the majority group, by which the executive lives, has its way. There is little time or motivation for revision there. But revision is essential.

The work of revision involves lengthy hearings, submissions from informed witnesses, careful cross-examination and the drafting of appropriate amendments. Competence in this work takes much time, effort and dedication. Members of a chamber concerned mainly with partisan political interests, and having an uncertain and brief tenure, are not likely to have the opportunity or motivation required. But in the public interest this work must be done in Parliament as a check on the bureaucracy and the executive and as a supplement to the procedures in the Commons.

The maximum tenure (subject to reappointment) for the members of the House of the Federation, would be the same as the life of the Parliament or of the Legislatures by which they were appointed. The proposed method of selection would make of the chamber a house of minority groups representing political parties and pursuing the purposes of those parties.

On the basis of the last federal and provincial elections held before July 1, 1978, the formula in Bill C-60 would produce the following groups in the House of the Federation:—

HOUSE OF FEDERATION

Distribution of seats among political parties, based on the popular vote in the most recent elections

| | | Selected by House of Commons (except for Yukon and N.W.T.) | | | | Selected by provincial legislatures | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Seats | LIB | PC | NDP | SC | LIB | PC | NDP | SC | PQ | UNP |
| Yukon | 1 | — | 1 | — | — | | | | | | |
| N.W.T. | 1 | — | — | 1 | — | | | | | | |
| TERRITORIES | 2 | — | 1 | 1 | — | | | | | | |
| British Columbia | 10 | 2 | 2 | 1 | — | — | — | 2 | 3 | — | — |
| Alberta | 10 | 1 | 3 | 1 | — | — | 3 | 1 | 1 | — | — |
| Saskatchewan | 8 | 1 | 2 | 1 | — | 1 | 1 | 2 | — | — | — |
| Manitoba | 8 | 1 | 2 | 1 | — | — | 2 | 2 | — | — | — |
| WEST | 36 | 5 | 9 | 4 | — | 1 | 6 | 7 | 4 | — | — |
| ONTARIO | 24 | 6 | 4 | 2 | — | 4 | 5 | 3 | — | — | — |
| QUEBEC | 24 | 6 | 3 | 1 | 2 | 4 | — | — | 1 | 5 | 2 |
| Nova Scotia | 10 | 2 | 2 | 1 | — | 2 | 2 | 1 | — | — | — |
| New Brunswick | 10 | 2 | 2 | 1 | — | 3 | 2 | — | — | — | — |
| P.E.I. | 4 | 1 | 1 | — | — | 1 | 1 | — | — | — | — |
| Newfoundland | 8 | 2 | 2 | — | — | 2 | 2 | — | — | — | — |
| ATLANTIC | 32 | 7 | 7 | 2 | — | 8 | 7 | 1 | — | — | — |
| TOTAL | 118 | 24 | 24 | 10 | 2 | 17 | 18 | 11 | 5 | 5 | 2 |

(From "The House of the Federation", a paper issued by the Government of Canada in August 1978)

A body so constituted is not designed to perform the revising function of a second chamber. The interest of members and the thrust of their activities would be in a different direction.

*Fourthly,* how would the House of the Federation more effectively articulate regional interests and the interest of minority groups without frustrating the parliamentary process?

It should be remembered that existing parliamentary institutions are not without extensive facilities for the expression of regional views. No one should think that members of the Commons confine their interests to the interests of their constituencies. They are much more the spokesmen for provinces and regions.

Cabinet Ministers are usually selected on a regional basis. In the Cabinet they are expected to speak for their areas and provinces in all matters where the concerns of such areas are involved. This has always been a fact of life in Canadian politics.

The caucuses of the federal parties are organized on a regional as well as a national basis. Discussions in regional caucuses are largely regional in character and their concerns are brought to the national caucus.

The *B.N.A. Act* provides for the appointment of Senators on a regional basis. In the debates, in the committees, and in the special inquiries and reports of the Senate significant attention has been given to regional problems. However, your committee welcomes the proposals of the Bill to allocate fourteen additional seats in the second chamber, twelve of which will go to the provinces in Western Canada. The development in the provinces affected justifies this proposal in any second chamber.

The structure of the House of the Federation, according to the government's paper "A Time for Action", is

> "to provide Canada's regions with more effective representation in the national legislative process"

and to establish

> "an effective forum for the expression and protection of regional and provincial interests and concerns."

It is clear in Bill C-60 and in the Table shown above, that the provincial representatives would not control the House. Nor is there any assurance, given the diverse political alignments within and between provincial legislatures, that united effective action could be assured either in respect of regional or of provincial interests.

Provincial appointments would be made anew after each provincial election. Historically the calls of these elections are staggered. Thus there can be no assurance of continuity of provincial representation let alone regional representation. The result would be continuing uncertainty and instability surrounding proposals to promote provincial objectives.

It should be clear also that first ministers and other ministers in the provinces would not surrender to the provincial members of the House of the Federation the right to determine provincial aspirations and policies. Even a united stand by the provincial representatives against a federal legislative proposal would not assure control of the House. And further, even if some federal appointees should vote with them against the proposal in question, the federal government could have its way in sixty days without further reference to the Commons.

It can be understood why, at their meeting in Regina, the First Ministers of the Provinces did not approve the proposals for the House of the Federation. Indeed, solutions to regional complaints will not be found in any proposals to restructure a second chamber. They will emerge from programmes and policies of both federal and provincial governments and from private economic and social initiatives. They can be recognized and projected in the hard realities of bargaining, compromise and agreement at the table of the Federal-Provincial Conference. Canadian governments, federal and provincial, as well as the people of Canada have proved themselves equal to this task in the past. There is no reason to assume that such challenges cannot be met again. Your committee detects an underlying confusion in the minds of the proponents of Bill C-60 between a federal-provincial conclave and a parliamentary second chamber.

*Fifthly,* Could the House of the Federation carry out an investigative role effectively in matters of national concern?

Your committee has come to the conclusion that the limited tenure of the members of such a House, its highly partisan structure (emphasized by the introduction of a limited system of proportional representation) and the subservient role imposed on it, would render it ineffective in carrying out this important function.

## REGIONAL DISPARITIES

Your committee agrees that, in principle, the reduction of regional disparities is a matter that should be dealt with in the Constitution. The references in the Bill are in clause 96 and in the Statement of Aims. It is noted, however, that the operative clause does not give clear expression to the question of ability to pay and does not create any enforceable obligation to assure, as nearly as is practicable, that each province is able to supply to its people a national average level of public services without a greater burden of taxation than the national average.

The matter of making this commitment enforceable is obviously a difficult one and your committee recommends that it be given further consideration by an appropriate Senate committee.

## THE SUPREME COURT OF CANADA

### 1. *Present provisions*

The *B.N.A. Act* (s. 101) simply provides that Parliament may establish a general court of appeal for Canada. Pursuant to this power, Parliament established the Supreme Court in 1875. The present *Supreme Court Act* provides that the Court shall consist of nine judges (the number having been increased from seven to nine in 1949 on abolition of appeals to His Majesty in Council). The Act also provides for the appointment of the Registrar and other officers, for the sessions and quorum of the Court, for its jurisdiction, for the procedure in appeals and for a number of other related and administrative matters.

The Act merely stipulates that the judges must be appointed from among the members of the bench or the provincial Bars by the Governor in Council and does not deal in any way with the process of selection. The only regional requirement is in section 6 which states that at least three of the judges shall come from Quebec.

### 2. *Proposed provisions*

Bill C-60 would incorporate in the Constitution, rather than a mere statute, provisions establishing the Court, stipulating the number of judges (which would be increased from the present nine to eleven) and requiring that they be appointed from the regions of Canada, including Quebec. Parliament would continue to provide by ordinary statute for the organization and maintenance of the Court.

The proposed new constitutional provisions would also include features not heretofore dealt with in the *Supreme Court Act* or any other legislation setting out in considerable detail the procedure for the selection of judges of the Supreme Court. The consent of the Attorney-General of the prospective appointee's province would have to be secured, or where agreement could not be reached, a nominating council would be constituted. Ultimately, the appointment would have to be approved by the proposed House of the Federation.

Finally, the Bill proposes to place in the Constitution a requirement that all civil law questions be decided exclusively by a majority of the judges of the Court appointed from Quebec.

In addition to putting these provisions into the Constitution, the Bill proposes that they be "entrenched" (see clause 133). Parliament, even after entrenchment, would of course still be free to deal unilaterally with matters of organization and maintenance of the Court by ordinary statute.

### 3. *Evidence*

The evidence on these proposals that your committee has heard to date is somewhat conflicting, although in the end no witness favoured the ratification of appointments by the House of the Federation. Unfortunately time did not permit, before completion of the present report, the hearing of all the witnesses that your committee originally hoped to hear. Nevertheless, your committee considers that it should set forth its views on the subject based on the evidence already heard.

### 4. *Observations*

Your committee sees merit in expanding in the Constitution the very rudimentary provisions now contained in the *B.N.A. Act*. The Constitution should actually establish the Court, provide for the number of judges, for their qualifications, and for their selection on a regional basis. The Supreme Court of Canada is the final Court of Appeal for constitutional matters and for the interpretation of both federal and provincial laws arising in cases coming from federal and provincial courts. For this reason, your committee thinks there is merit, in principle, in entrenching such provisions in the Constitution. However, it is reluctant to make a final recommendation in this regard in the absence of a constitutional amending formula.

Your committee thinks that the number of judges of the Court should remain at nine. The present practice of the Court is to sit as a full bench in all important matters, particularly constitutional matters. There is evidence that a larger number in cases where the judges were inclined to write separate opinions, would make it difficult to ascertain the *ratio decidendi* of the judgment. Although fewer than the full court could be assigned to any particular constitutional case, this would involve the Chief Justice in making a selection from among his colleagues that could be criticized to the detriment of the Court's credibility.

Many have advanced the view that the proposed basis of regional appointment of judges would politicize the Court and that the only consideration should be the professional competence of the appointee. It is also argued that feelings of regional alienation and the perception that the Court is dominated by the central authority would be alleviated by constitutional guarantees providing for regional representation. In

view of the present unwritten practice of making such appointments as much as possible on a regional basis, your committee considers that the risk of constitutionalizing the practice may not be as great as has been feared.

Your committee, however, would substitute for the consent of the provincial attorney general or the recommendation of a nominating council (subclause 106(3)) a provision requiring consultation, not only with the attorney general in the province of the prospective appointee, but as well, with the attorney general of each province within the region in question. The committee would propose that such a provision be included in the Constitution. further elaboration on the consultative process is required, it should be in an Act of Parliament, which could be amended in the light of experience if necessary. However, your committee believes that the existing informal investigatory and consultative processes, properly carried out, are adequate. It sees dangers in too formalized a procedure that may unwittingly exclude highly qualified candidates and prove to be inflexible.

Your committee is opposed to the proposal that appointments to the Court would require ratification by the Second Chamber. Both judges and outstanding lawyers may be unwilling to submit themselves to such a procedure. If the preliminary selection process has been effectively carried out, ratification seems redundant. It has been observed that a ratification procedure exists in other countries, including the United States. We are not accustomed to this in Canada, however, and your committee is concerned that the high quality of appointments to the Supreme Court of Canada that has prevailed to date is unlikely to be improved and could well suffer by the introduction of this requirement.

Your committee also questions the proposed requirement that civil law questions be decided only by the judges appointed from Quebec. There is no similar provision in the present *Supreme Court Act* although the practice of the Court has been for some time that the three Quebec judges sit on all Quebec cases. Thus on a panel of five judges, normal in cases involving the Civil Code, all three Quebec judges usually sit.

There are difficulties with the wording proposed in the Bill. A civil law question could easily arise in a case in the courts of a province other than Quebec—for example, in a dispute involving a contract stipulated to be governed by Quebec law. It is questionable whether the decision of such a case exclusively by the Quebec judges would help to promote the unifying effect that it is hoped constitutional reform would achieve. Another difficulty is that private law may serve merely to open the door to wider considerations of a public law nature. There have indeed been cases of this kind.

If there were evidence that the participation of common law judges in civil law cases was doing violence to civil law jurisprudence, there might be some basis for the proposal. While there have been complaints in this regard, the material that has been written on the subject suggests that, to the extent that there has been a problem, it occurred many years ago and would not be addressed by the proposal. It is always open to the Quebec legislature to nullify what it is convinced is a bad precedent.

In his commentary on Bill C-60, which was made available to your committee, Professor David Kwavnick of Carleton University, Ottawa, included an analysis of civil law cases decided by the Supreme Court between the years 1960 to 1966. At the request of the committee a similar analysis for the period 1967 to 1978 was made by Mr. Jeffrey Lawrence of the Research Branch of the Library of Parliament and both these analyses are attached to this Report as *Appendix "B"*.

The analyses demonstrate that the vast majority of cases (over 90% in the 1967-78 period) were decided in the manner proposed by a majority of the civil law judges on the Court. In no case did a Quebec judge not participate in the majority decision. In the very small percentage of cases in which a common law judge or judges were decisive as to the outcome of the case, the questions although technically arising under the Civil Code, involved matters of interpretation of the language used in a contract, the application of facts to the law and questions other than questions of civil law theory or doctrine.

Since the *Supreme Court Act* was amended several years ago requiring leave to appeal, the number of private law cases heard by the Court is likely to diminish for the reason that they will not meet the required test of national importance. Moreover, the practice is that the applications for leave from Quebec are heard by a panel containing at least a majority of the Quebec judges.

While it is obviously desirable that the Quebec judges participate in civil law cases, your committee considers that there should be no requirement that questions of civil law must be decided exclusively by them. If in truth the problem being addressed is more "felt" or perceived, than real, as was suggested by witnesses from the Department of Justice (Senate Committee Proceedings, Issue No. 5, page 55), the most that should be written into the Constitution or, preferably, the *Supreme Court Act*, is that a majority of the Quebec judges must sit on all cases raising questions of civil law and on all applications for leave to appeal in such cases coming from the Quebec courts.

Respectfully submitted,

RICHARD J. STANBURY,
*Chairman.*

APPENDIX "A"

*Witnesses who appeared before the Committee*

Dr. B. L. Strayer, Q.C.
Assistant Deputy Minister (Public Law)
and Special Counsel on the Constitution
Department of Justice

Miss Alice Desjardins, Q.C.
Director
Advisory and Research Services
Department of Justice

Miss Edythe MacDonald, Q.C.
Senior Counsel
Department of Justice

Dr. W. R. Lederman
Professor of Law
Queen's University

Mr. W. S. Tarnopolsky
Professor of Law
Osgoode Hall, York University

The Honourable J. C. McRuer, Q.C.

Dr. Gerald Morris
Law School, University of Toronto

Professor Léon Dion
Université Laval

The Honourable K. Rafe Mair, Chairman
Cabinet Committee on Confederation, and
Minister of Consumer and Corporate Affairs
Province of British Columbia

Mr. Melvin H. Smith
Deputy Minister, Constitutional Affairs
Province of British Columbia

APPENDIX "B"

I. Analysis of civil law decisions rendered by the Supreme Court of Canada between the years 1967 to 1978:

A. Majority Decisions

| Composition of Panel | Composition of Majority | Number of Cases |
|---|---|---|
| 3 civil<br>2 common | Unanimous | 44 |
| 2 civil<br>3 common | Unanimous | 12 |
| 1 civil<br>4 common | Unanimous | 1 |
| 2 civil<br>5 common | Unanimous | 1 |
| 3 civil<br>3 common | Unanimous | 1 |
| 3 civil<br>6 common | Unanimous | 2 |

B. Split Decisions

| | | |
|---|---|---|
| 3 civil<br>2 common | 3 civil | 0 |
| 3 civil<br>2 common | 2 civil<br>2 common | 3 |
| 3 civil<br>2 common | 2 civil<br>1 common | 2 |
| 3 civil<br>2 common | 1 civil<br>2 common | 4 |
| 2 civil<br>3 common | 1 civil<br>3 common | 1 |
| 2 civil<br>3 common | 1 civil<br>2 common | 2 |

II. Analysis of civil law decisions rendered by the Supreme Court of Canada between the years 1960 to 1966:

A. Majority Decisions

| Composition of Panel | Composition of Majority | Number of Cases |
|---|---|---|
| 3 civil<br>2 common | Unanimous | 35 |
| 2 civil<br>3 common | Unanimous | 9 |
| 3 civil<br>no common | Unanimous | 1 |

B. Split Decisions

| | | |
|---|---|---|
| 3 civil<br>2 common | 2 civil<br>2 common | 3 |
| 3 civil<br>2 common | 3 civil<br>1 common | 2 |
| 2 civil<br>3 common | 1 civil<br>2 common | 1 |

# THE SENATE

**Tuesday, October 24, 1978**

The Senate met at 1.20 a.m., the Speaker in the Chair.

Prayers.

## THE LATE HONOURABLE JOHN JAMES GREENE, P.C.

**Senator Perrault:** Honourable senators, it is with deep regret that I report the death, at approximately 6 o'clock last evening in hospital, of our colleague, the Honourable Joe Greene. Senator Greene was a great Canadian and a great parliamentarian, someone respected and admired by all of us in this chamber and by those who served with him in the other place. At a later and more appropriate time, a full opportunity will be accorded for tributes.

Our heartfelt sympathy is extended to his wife and family.

## SHIPPING CONTINUATION BILL

### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-11, to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters.

Bill read first time.

### SECOND READING

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

**Hon. George J. McIlraith:** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move second reading of the bill.

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

**Hon. Senators:** Agreed.

**Senator McIlraith:** Honourable senators, I shall, of course, be asking for leave, after second reading, for further consent to complete the bill at all stages as quickly as possible.

**Senator Asselin:** Honourable senators, I am afraid we are being placed in the same situation in which we were last week on a bill concerning emergency legislation to deal with the strike of postal workers. However, because we heard that the Minister of Justice, in the House of Commons, had moved an amendment to clause 10 dealing with the time this bill will come into force, and because we do not want to be accused of delaying the passage of this legislation, we, on this side of the house, consent to second reading now.

**Senator Forsey:** Honourable senators, I rise simply, even at this late hour, to protest against this travesty, this mockery, this burlesque of the legitimate legislative process.

I am not going to repeat what I said on the last occasion but one when we had a bill of this sort before us, but I think it is high time that the government—this government or some future government—brought in permanent legislation to deal with this kind of situation. It is an utter absurdity that now, twice in one week, we should be asked to consent to emergency legislation which rams down over the heads of the parties to the dispute an ad hoc compulsory arbitration, instead of providing some kind of proper permanent machinery for compulsory arbitration.

It is all very well to talk about free collective bargaining, but in essential services now there is in fact no free collective bargaining. There is just a ritual dance, a charade and a considerable loss to the country and a loss of wages to the people concerned. And I wish to voice my protest against our being subjected repeatedly to this kind of nonsense.

**Hon. George J. McIlraith:** Honourable senators, I thank honourable senators for consenting to proceed with the bill, even at this unreasonable hour.

● (0130)

I must comment on the remarks of Senator Forsey. To call the proceedings of negotiation that preceded the action tonight a mere ritual and charade is, I think, not fair to either the shipowners or the unions concerned. Negotiations did take place, and the strike has been of short duration. I cannot allow any remarks, which reflect on either of the parties, to go unnoticed.

The question of legislation which would deal with situations where the public interest requires intervention by the legislative authority, instead of relying on the ordinary proceedings of labour negotiations, is another subject which must be dealt with, as was the case last week, under the legislation affecting the public service, and the Labour Code dealing with the private sector. I do not propose to make any remarks about that tonight other than to indicate that meetings are taking place, as honourable senators know, between management and labour in an attempt to find some workable solution to deal with that problem by placing legislation before Parliament. When that legislation will come before Parliament, I cannot say. I do not believe in looking into a crystal ball in order to give answers on that kind of subject. As most honourable senators know, that is impossible to undertake with any degree of accuracy.

The loss consequent on the strike, or the tying up of Seaway shipping, is great indeed. I do not know that an accurate

estimate of it can be made, because if the strike continues to the end of the shipping season—which is usually in the first 12 or 14 days of December—the loss becomes very great because there is then no more shipping on the system until the following next April. On the other hand, if we are dealing only with the past few days the loss would be much less, although it is great even at that. In any event, I believe honourable senators would agree that that loss to the economy demands action by the legislative authority. This loss would be most acute in the area concerned with the movement of grain from western Canada. The damage to that industry is immediate and is affected by all shipping on the lakes.

The need for the legislation is, I think, clearly established in terms of the public interest. Our duty to serve the public interest far overrides the right of the parties to the dispute to take any further time in trying to arrive at a settlement through the normal channels of negotiation. We do not retract from the process of negotiation. In fact, negotiations were pursued assiduously to the latest possible moment.

Unlike the Postal Services Continuation Act, which we dealt with and passed last week, this bill is concerned with the private sector, involving the Canadian Lake Carriers Association and the Canadian Marine Officers Union. There are some 353 marine engineers involved in the dispute. The other strike affecting shipping on the Great Lakes had to do with the Canadian Lake Carriers Association and the Canadian Merchant Service Guild and involved some 500 deck officers. That strike was settled through the mediation process.

Subclause 4(1) of the bill reads:

> The term of the collective agreement to which this Act applies is extended to include the period beginning on June 1, 1978, and expiring on May 31, 1979 and may be further extended by the arbitrator to include the period beginning on June 1, 1979 and expiring on a date not later than May 31, 1981.

The reason for the addition of the extra two years relates to the fact that the parties to the dispute which was settled arrived at agreement between themselves on the longer term, and there is reason to believe that the longer term is therefore acceptable to those employees affected by this bill.

The bill itself orders the immediate resumption of shipping operations on the Great Lakes, which involves all members of the Canadian Lake Carriers Association. It provides for the determination of a collective agreement by arbitration. It provides for the appointment of an arbitrator by the Minister of Labour following the coming into force of this legislation. As honourable senators who followed the proceedings in the other place will know, it is hoped that within hours an arbitrator will be appointed to whom will be referred all matters relating to the amendment of the collective agreement now existing between the parties. The bill, of course, permits the arbitrator to deal with the extended time, and it provides that he must report his arbitration decision on all matters referred to him within 60 days of his appointment.

[Senator McIlraith.]

Honourable senators will note that this bill provides for the appointment of an arbitrator. Since all mediation procedures were fully exhausted in this case, there was felt to be no point in appointing a mediator.

I want also to bring to the attention of honourable senators the clauses which deal with the injunction proceedings. The purpose of this provision is to clarify the situation so that the courts shall issue an injunction, unlike the somewhat more doubtful procedures there now are for injunction proceedings under the Labour Code. The advantage of that is that it would provide a more direct method of having the courts deal with the situation if—and we do not expect this to happen—either side should refuse to obey the legislation. The procedure under the straight penalty provisions of the Labour Code means the gathering of evidence, involving quite a long delay in the process.

• (0140)

The injunction proceedings as set out in the relevant clause are somewhat different in that they enable any action to be brought before the courts and adjudicated immediately, and it is hoped that it will be a more satisfactory method for all parties involved in the dispute.

I do not know if there is much more I can say about the bill at this point. I believe that many honourable senators have been watching the proceedings in the other place rather closely since the bill was introduced there yesterday afternoon, and throughout the course of the evening when it was dealt with more fully at the committee stage.

I believe the bill will commend itself to honourable senators, and I conclude my remarks with the hope that it does.

[*Translation*]

**Hon. Martial Asselin:** Honourable senators, for the second time within a week I am called upon to answer the arguments of my colleague Senator McIlraith concerning the passage of emergency legislation such as the bill we are considering this evening.

When on behalf of the official opposition I agreed to proceed immediately with second reading of the bill, I did so reluctantly because I feel that the action of the Senate this evening is not likely to enhance the prestige—I have said so before and I say over again—of the Upper Chamber. While the other place spent hours examining a very important bill, since its objective is to prevent workers from exercising a right recognized in our statutes, we are asked to do it in a few minutes.

**Senator Lamontagne:** No.

**Senator Asselin:** Well, Senator Lamontagne says no. It is 1.40 a.m. If we spoke all night long we would be told that we have contributed to the deterioration of conditions and have to assume the responsibilities. I say that we are facing a false dilemma. We are asked at 1.40 a.m. to consider this bill thoroughly. The House of Commons has taken all the time it needed. I followed on television the proceedings in the House of Commons and I think that the bill was thoroughly considered.

**Senator Lamontagne:** It was not an outstanding performance.

**Senator Asselin:** It was not an outstanding performance; I hope my colleague, Senator Lamontagne, will have an opportunity to say so in public later. He will be able to comment on the speeches made and on the arguments advanced by the ministers of his government, by the members of the official opposition and by those of the New Democratic Party.

To put it in a nutshell, we are expected to make an intelligent study of this bill which came to us about an hour or an hour and a half ago. We are told that the situation is urgent. Some will say that it is a matter of public interest, of course, since several hundreds of marine employees will be out of work. Some will say that if the matter is not settled within the next few hours, the Lake Carriers Association, those who manage the ships, will simply stop their ships and will not take them out in winter or rather before the beginning of winter.

Some will say that this will mean losses of several millions to grain producers, western farmers and iron producers. Earlier I went through a statement by Iron Ore Chairman, Brian Maloney, who said this and I quote:

[*English*]

> If we can't ship for the balance of the season, it's going to be quite disastrous.

[*Translation*]

Bill Marshall, the vice-president of the wheat pool, also said:

[*English*]

> —the dispute would have more impact on the Canadian economy than a postal strike, and he urged the federal government to give it top priority.

[*Translation*]

So if we discuss this bill too long we will be accused of contributing to this economic disaster which is getting ever more serious. That is why I say that we are placed in a strange position and that we must bear our responsibilities and say, in the short period of time available to us, a word regarding the legislation before us.

Honourable senators, I repeat what I said last week when we passed an urgent piece of legislation. I think that whatever government is in power, this government and this Parliament, which we all are part of, is wrong when it passes urgent pieces of legislation such as the one before us and believes that it will contribute to resolve problems in the area of labour relations.

Something must certainly be wrong in labour relations because every now and then Parliament is called upon to put aside an existing law and adopt an emergency measure and to say: We had given you the right to strike but because you are using it we are withdrawing it immediately in the public interest even though this right to strike is granted by a law of Parliament. In my opinion, we should intervene only when people who are entrusted with such a right misuse it in such a way that they jeopardize the public interest of the nation. Now, a few days ago those people were using that right to strike. We say to them: Gentlemen, although we have given you that right, we take it back immediately even though you did not abuse it because we as parliamentarians think it is in the public interest, that there will be serious economic consequences if Parliament does not pass such a legislation. That is the situation we are faced with. Are we going to keep on denying to those people a granted right which is found in a democracy, that is to press their claims through a legal strike in the labour field?

I am not saying that in many cases some unions did not abuse that right, true. However, if we really want to withdraw the right to strike from those people in the public service, let us be honest enough to pass a bill saying: we are withdrawing the right to strike in essential services. Let us at least have the courage to pass such a law. As long as such an act has not been sanctioned, I think we err in saying that we will restrict the right we granted them through another legislative measure.

To my mind, we should find the mechanisms, perhaps by consulting an expert in labour legislation, for on-going consultations between workers and employers. Should we not, as soon as a collective agreement is signed by the parties, get down to work immediately and entrust to a committee of experts, or persons representing the employer and the employees, the problems confronting both parties, in order to avoid, when the collective agreement comes up for renewal, being forced into passing a blackjack bill that tells them: We are withdrawing the right to strike we gave you.

Honourable senators, two acts of that nature in one week is surely a precedent for this Parliament and something other parliaments have seldom witnessed.

Naturally, the Minister of Labour explained the situation this evening in the other place. I heard him. He gave very good reasons to justify introduction of this bill. The Minister of Justice came up with very good arguments as well. But, what I would like you to understand is that Parliament, in a democracy such as ours in Canada, should not be called upon, at every turn to pass an emergency bill such as the one before us to restrict fundamental rights and freedoms. I think it is not to the credit of this Parliament that in one week it should have passed two pieces of legislation of this importance.

● (0150)

As I suggested last week, honourable senators, we hope that the legislation we passed concerning postal employees would be complied with. That is what everybody wants. But if we have now reached the point where acts of Parliament are no longer respected we are finding ourselves in a rather difficult situation from a social standpoint. It is with regret that I must say that what I had anticipated last week, well, we are seeing now—the postal employees have yet to obey the legislation we enacted last Wednesday.

In this case, will the people coming under this emergency legislation follow the example of the postal workers and disregard the legislation passed by Parliament? Will we have to, as we are now doing with the postal employees, ask the courts to issue injunctions to force the employees back to work? I think

that is a negative approach to labour problems and employee-employer relations.

If you follow the development of jurisprudence and court decisions concerning injunctions—and I discussed this with the sponsor of the bill as we came in the house tonight—you would see that the courts are not inclined to grant left and right the injunctions they are asked to issue.

You are aware no doubt of a decision by the Superior Court in Montreal last year which refused to grant a group an important injunction, saying that the courts should not be intervening all the time to solve labour conflicts. Also, you saw that Quebec Provincial Labour Minister Johnson last week—I believe it was last weekend—in Montreal was considering removing the application for injunctions in labour disputes. He said that it was not a way of dealing with problems between interested parties. Will the courts in this case and in the case of the postal workers grant the injunctions we will be seeking to ensure compliance with a legislation passed by Paliament?

I hope that the injunction procedures will be started as soon as possible to ensure that the law will be respected. But in view of the tendency of certain judges to grant injunctions, it is doubtful that some injunctions will be refused because the judge must, before granting an injunction, rule on the advantages or the balance of advantages and disadvantages for the public interest. Honourable senators, I also read the bill—I could of course talk for several hours about this bill. But what good would this do?

The bill was passed by the other place and we are asked to make a detailed and comprehensive study of this measure at 1.55 a.m. However, when I read clause 9, I was surprised to see that the provisions concerning the offence will apply to whole groups of people, to union members, and this bill tries to establish guilt by association. Clause 9(3) reads as follows:

> On an application under section 8 for an injunction directed against a union—

—and so on—

> —it is sufficient proof that the union has failed or refused to comply with a provision of this Act to show that an officer or representative thereof or a substantial number of the employees who are, or at the time of the alleged failure or refusal were, members thereof, failed or refused to comply with the provision—

I think it is a mistake to want to establish a crime by association by taking a group of employees instead of one person or an association.

More and more, the legislators have a tendency to introduce in their bills this new legal principle which I do not find acceptable since it becomes a principle of presumption *juris de jure* instead of a principle of presumption *juris tantum*.

I would like the sponsor of this bill to explain how the government will succeed in implementing this clause of the bill concerning a crime by association, or how it will be able to lay charges against union members, or "a substantial number of the employees" and force them to defend themselves by saying: "No, we were not there. We were not able to prevent this from happening."

Honourable senators, those are the few comments I wanted to make concerning this bill.

• (0200)

[*English*]

The sponsor of the bill has suggested that we should not refer this bill to a Committee of the Whole because all arguments have been put forward in the other place. I agree with him. I have very carefully followed the arguments put forward by the Acting Minister of Labour and the Minister of Justice. I feel that we cannot ask any questions other than the ones that were asked in the House of Commons earlier.

After the sponsor replies to my remarks I may have other questions to ask him regarding this bill, but for the moment I will not insist that the bill be referred to a Committee of the Whole.

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

**Hon. Hazen Argue:** Honourable senators, one of the results of this strike situation is that certain innocent parties are suffering more than those immediately covered by this bill. I refer, of course, to the grain producers who have been losing export sales amounting to some $10 million a day. It is a sad state of affairs that working farmers should suffer a greater loss of income than the very employees involved. That is my first point.

My second point is this. While the Canadian Wheat Board does a wonderful job of selling our grain, it is unable to guarantee delivery, and because of the present strike Canada is getting a bad name amongst our grain customers all over the world. I think this is something that should be kept in mind when the government and others are exploring alternative means of settling disputes between labour and management. Not only do we get a black eye in the export markets of the world, but we lose customers, we lose foreign exchange, and it is a definite large loss for Canada.

The grain situation today, from a standpoint of sales and the operation of the Canadian Wheat Board, is an outstanding success. But the bottleneck and the difficulties are in the transportation and delivery system. The Great Lakes, of course, are part, and a very important part, of that delivery system. The other half of the delivery system is on the west coast, and that, of course, is not provided for by this bill.

The challenge to the government is to make certain that our grain shipments reach our customers. Part of the difficulty is in the shipment east and part of the difficulty is in the shipment west, where there is a horrible lack of terminal facilities. I should think that it is very much in the economic interests of all Canadians that the government and others should address themselves to this situation so that we can, in fact, hold and expand our markets for grain in the interests of grain producers, and in the interests of the whole Canadian economy. Here is a golden opportunity to expand our sales and increase foreign exchange.

The bill presented in the other place was sent to us before it was dealt with there, and I believe there were one or two, and perhaps more, amendments in the other place. At least a couple of them were very important and far-reaching amendments. I refer to clause 4(1), which initially read:

> The term of the collective agreement to which this Act applies is extended to include the period beginning on June 1, 1978, and expiring on May 31, 1979.

From that it would seem that we are perhaps just a few months away from a repetition of this very situation. An important amendment was moved, and the following words were added to that clause:

> . . . and may be further extended by the abritrator to include the period beginning on June 1, 1979 and expiring on a date not later than May 31, 1981.

I would express my own hope, and I am sure that of other honourable senators, that the arbitrator may be successful in extending this collective agreement for an additional two-year period, so that we are not back here within a few months, perhaps within a year, doing the same thing all over again.

To make our night vigil perhaps worthwhile, there was an amendment to clause 10 of the original bill, which provided:

> This Act shall come into force on the day following the day on which it is assented to.

That was amended to read:

> This Act shall come into force on the day and eight hours after the time at which it is assented to.

• (0210)

Of course eight hours would seem a reasonable period of time—a necessary period of time—to get the workers back on the job, and the ships operating.

I would now like to ask a question of Senator McIlraith. I wonder if he knows whether there will be a determined effort to extend the shipping season beyond December 10, so that the shipments that have been lost in the last nine or ten days may, in fact, be taken care of in this particular period of time.

There is a growing body of opinion that believes the Seaway can be kept open year round. Icebreakers and modern equipment should be able to extend the season. Some authorities think it may now be possible to keep it open year round. I would make the plea to all who are involved that they do everything possible to extend the shipping season up to Christmas, shall I say, so these sales, the shipments, that have been lost today may, in fact, be recovered. I would think that this will go a long way to satisfy the western producers, who feel very much aggrieved at the present time. I would think that if this kind of determined effort were made, it is quite possible the shipping season may be extended so that, in fact, these shipments, these sales, are not lost to the producers.

[*Translation*]

**Senator Asselin:** Honourable senators, before the sponsor of the bill has the floor, I would like to point out to him a mistake in the French version, in clause 10. Naturally, they proposed an amendment and it reads:

> La présente loi entre en vigueur le jour de sa sanction huit heures après le moment de sa sanction.

I think it should read:

> La présente loi entre en vigueur huit heures après le moment de sa sanction.

I think that mistake ought to be corrected.

[*English*]

**Senator McIlraith:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator McIlraith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator McIlraith:** Honourable senators, I shall deal briefly with some of the points raised by Senator Asselin and Senator Argue.

The point was raised about our expectations with respect to the union's obeying the law as embodied in this bill, bearing in mind the attitude of the postal workers to the bill that was passed by this house last week. The information I have is that the union has indicated publicly, and to Labour Department officials, that it will obey the law when it is enacted. The union has made that clear.

**Senator Asselin:** When did they say that?

**Senator McIlraith:** They said it twice. The minister dealt with the point rather fully in the other place and indicated, from the remarks made by the union directly to the departmental officials concerned with the negotiations, as well as the union's public statement on two occasions, that he believed they intended to obey the law as soon as it was enacted, and that the result would be, since the deck officers had already settled their dispute through the guild, that the ships would be starting to operate this afternoon; that they would be operating as quickly as that. It is a matter of getting the ships ready. They would have them in operation immediately, or as soon as the ships can be put into operation. There is no reason to believe otherwise.

A question was raised regarding the extension of the shipping season. For years I have watched the closing date of the shipping season on the St. Lawrence Seaway. I was more concerned with it in earlier years, and I watched it as a matter of interest in later years. Of course, that matter is determined by the weather. It is not so much a matter of ice forming in the channels, but ice affecting the operation of the locks. I can only hope that an effort will be made to keep those channels and locks open as late as possible.

There is an interesting side issue that is not germane to the bill. There are others in the country farther to the east who are less interested in seeing Great Lakes shipping extended later into the season. Those people like to see products shipped by train to the ports of New Brunswick and Nova Scotia. In any event, the point raised by Senator Argue with respect to keeping the grain moving as late in the season as possible is well taken. An effort should be made to keep the Seaway open until later into the season.

The movement of grain is of tremendous significance to the economy of the country in both the sheer volume of it and the foreign exchange aspect of it. The necessity of servicing the sales to ensure reliable delivery is of the utmost importance, otherwise the market is lost in the long term. That is the real danger.

We have talked a great deal about the agricultural industry, but there are also large amounts of foreign exchange earned by the forest industry, the paper industry and the iron ore industry. In any event, I don't think more need be said on that subject at the moment.

I now wish to deal with the point raised regarding injunction proceedings. I hesitate to represent myself as being the authority on the law. I think that is a very dangerous position, and the wrong position, to take in a legislative body. However, I would point out that the injunction proceedings set out in this bill are specific and particular. They are not the general injunction proceedings that we have read and heard so much about over the past few years under the Labour Code and other public service legislation. Rather, it is an application made to the Trial Division of the Federal Court, with provision for appeal, of course. Subclause 9(2) states:

> —it is sufficient proof that the company has failed or refused to comply with a provision of this Act to show that an officer . . . failed or refused to comply with the provision whether or not the officer . . . is identified—

The significance of that, of course, is that it would eliminate the rather lengthy and doubtful proceeding that now has to be undertaken. This provision clarifies the situation in respect of the proof required to obtain injunctions. Subclause 8(1) clarifies the situation greatly for the courts and removes some of the difficulties with which they have been faced in injunction proceedings in the past few years.

Another point Senator Asselin referred to was the matter of crime by association. In fact, it is not crime by association. If the honourable senator reads subclause 9(3), he will find that it is crime by the action of those persons concerned, which is not the same thing. If it were crime by association, it would be a different thing altogether. What is being sought to be achieved here is to remove the necessity of proving that the officer of the company did a certain thing or sent out certain instructions, and so forth. This would make the mere fact of the individual's disobeying the law grounds for granting an injunction, and breach thereof would of course constitute the offence of contempt of court.

I think a more careful and fuller reading of the subclause will indicate that it is not crime by association; rather, it is crime by the action taken by the individual that leads to the creation of the offence.

Honourable senators, I do not think there is anything more that I can usefully add.

Motion agreed to and bill read second time.

[Senator McIlraith.]

THIRD READING

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

**Senator McIlraith:** Honourable senators, with leave, I move third reading now.

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

[*Translation*]

**Senator Asselin:** Honourable senators, before the passage of this bill on third reading, I wish to come back to a suggestion I made earlier concerning the possibility of Senator McIlraith and his friends opposite urging the government and the Department of Labour to establish a mechanism for permanent and continuing consultations and negotiations to avoid the passage of emergency legislation as we do tonight and as we did last week.

I think it would be possible to find a continuing consultation mechanism by means of a committee sitting continuously and which would report to management or labour to pinpoint contentious matters during the term of the collective agreement and to foresee the difficulties both parties might face in the negotiation of a new collective agreement.

I think that honourable senators have always in the past made excellent suggestions and that the other place should study carefully this opportunity to present to the government suggestions that might significantly improve our labour legislation and our labour relations in Canada. Does Senator McIlraith believe instead that our house might study this aspect of the problem? Might we make a report later to the other place, or to the government, or to the Minister of Labour?

● (0220)

[*English*]

**Senator McIlraith:** Honourable senators, I thank Senator Asselin for his remarks and I shall certainly bring them to the attention of the government. As I indicated earlier, the government is at present conducting meetings with management and labour with a view to finding somewhat better solutions to the type of problem we were concerned with last week and again this week, by way of having them dealt with by some other process than the enactment of a special act of Parliament on each occasion. I know that the honourable senator's remarks will be of concern and great interest to those who are seeking to find a solution with a view to bringing forward general legislation to deal with this type of situation.

I thank the honourable senator.

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

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** It is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Lamontagne, P.C., that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Forsey:** Honourable senators, I regret to rise again, but I want to make it perfectly clear that in what I said at an earlier stage I was in no way whatsoever reflecting upon the parties to this dispute. I was reflecting upon the snail-like progress of the government in bringing down the kind of legislation that Senator McIlraith now says it is contemplating. This problem has existed for years. It has been getting steadily more acute, and I am delighted to hear that the government is at last moving, but it seems to me that it has been moving as slowly as if it were driving a snail ahead of it.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

October 24, 1978

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 24th day of October, at 2.25 a.m. for the purpose of giving Royal Assent to a certain bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa, Ontario.

The Senate adjourned during pleasure.

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At 2.25 a.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned during pleasure until 8 p.m.

At 8.05 p.m. the sitting was resumed.

## THE LATE HONOURABLE JOHN JAMES GREENE, P.C.

TRIBUTES

**Hon. Raymond J. Perrault:** Honourable senators, it was with deep sadness that we heard last night of the death of our dear colleague, Senator Joe Greene. Joe Greene was everything a person in public life should be: he was committed and caring; he had an unquenchable desire to enrich his nation, and the nation received full value from him, and more. He drove himself without reserve in public office, and though eventually his health was broken, his spirit never was.

During his six years in the Senate, Joe Greene was combative, outspoken, witty, warm and wise. He was born in Toronto in 1920, and received his public and high school education there. After graduation he worked in the mines of northern Ontario for three years. In 1941 he enlisted in the RCAF and served overseas for three years before being discharged in 1945 as a flight lieutenant. During his service years he was awarded the Distinguished Flying Cross and was mentioned in dispatches. After the war he continued his education and he received his law degree with honours from Osgoode Hall in 1950. He then proceeded to establish a law practice in Arnprior.

He became active in public life. He was a member of the Arnprior Municipal Council and he served on the Renfrew County Council before being elected to the House of Commons in 1963. Thus he began his distinguished career in Ottawa. He was named Minister of Agriculture in 1965 and, later, Minister of Energy, Mines and Resources.

He brought to Parliament the gift of oratory. Few of us on this side who attended the Liberal leadership convention in 1968 will forget his speech on that occasion. The "Abe Lincoln" of the Ottawa Valley was moving and magnificent.

Newspaper clippings often told of vintage Joe Greene performances. He was never a bore. He was controversial because he was never equivocal. He knew where he stood and he let every audience know exactly why.

A speech he made in Denver in 1970 was typical. He stressed positive Canadian nationalism rather than anti-

Americanism. He later explained that Canadians knew what they were against, but some were not very certain as to what they were for.

Nobody could be in any doubt of what Joe Greene was for. He gathered no splinters sitting on the fence. Typically he once praised Canada by saying "there are few places where it is as easy not to conform." Joe Greene conformed to nothing but his own beliefs and principles.

I have just read an interview he gave to a columnist from western Canada prior to the Liberal convention. He said that Canadians of French descent must be made to feel at home in every province if Canada is to remain united. He said he realized that this may not go over big in some parts of the country. "But," he said, "I don't sing one song there and another elsewhere." Joe Greene sang the same song everywhere. It was a song of optimism for Canada and its people.

All the while he pushed himself hard. He suffered heart attacks and later suffered a stroke while on government business in Japan in 1971. He was called to the Senate the next year and ever after brightened our deliberations with his wit and style.

When he resigned as a cabinet minister early in 1972 the *Globe and Mail* said in an editorial that, while his portfolio had been filled, there was nobody to fill his role as custodian of the cabinet's sense of humour. It went on to say:

> Warmth, wit and grace are at least as important as energy, mines and resources—and a great deal rarer.

In a way that editorial was Joe Greene's political epitaph. It will also serve as a fitting epitaph for Senator Joe Greene, the man we admired and loved. Our deepest sympathy goes out to his wife Corinne and their five children.

**Hon. Allister Grosart:** Honourable senators, it is always a sad occasion when we have to acknowledge the passing of one of our colleagues, especially one who has been with us so often and so devotedly in our sittings since he came to us as a senator. We knew of his reputation before he came. We knew that he had achieved great success as a representative of more than one constituency, as a member of Parliament, and as a cabinet minister. We expected great things of him when he came here, and we were not disappointed.

It will be difficult for those of us who sit on this side to look across at that chair, where so often we expected to see Joe rise and, with one of his witty interruptions, throw us for a loop for a minute or two until we recovered ourselves. Joe had that tremendous special quality of a politician, which is the ability to be partisan, highly partisan, to provoke response, but never to give offence. That is the way I remember Joe.

I did not know him in his earlier days, although I knew of him. But later I came to love him as he sat across the chamber here and occasionally put me over a barrel, as only Joe could. He was an ornament to this profession, if it is a profession, or art, that we who endure the contumely of being called politicians recognize. Joe was an ornament to the profession. He was loved. He was loved by his constituents, by his colleagues, and loved here in this place, and I am sure that no honourable senator would disagree with me for one minute about that.

It is not the easiest quality in the world for one to acquire, to be highly partisan, highly political, and be loved by those you criticize. But such were the qualities of Joe Greene, and I am sure that is the quality that every senator here feels the loss of at this sad moment.

● (2010)

The Leader of the Government has indicated some of the areas of Joe's great successes: municipal politics, federal politics and in many other areas of community activity. I think what Joe would like us to think of him, now that he is gone, is that he died in harness. I am sure this is the way Joe would like to have gone, and this is the way he has gone from us. He was here devotedly attendant. When it was difficult for him to come and attend our sittings, he came, he participated, and he was in harness when he left us.

I join with the Leader of the Government in telling his dear wife that we know she will miss him. We will miss him too. He was a great ornament as a family man. He was a great ornament to our Senate.

**Hon. David A. Croll:** Honourable senators, I find it a bit strange to pick up the *Minutes of the Proceedings of the Senate* of Thursday, October 19, 1978, and see the name "Greene", indicating that he was present on that date. He won't be here physically, but Joe will be present in spirit in the chamber for a very long time.

I had known him for many years. We had been friends and we had worked together. I was one of a group who some years ago approached him to run for the office of Liberal leader in the Province of Ontario. He was reluctant, pointing out that he had a young family who needed him. He had not had much of an opportunity to make satisfactory financial arrangements for the future. But we insisted—I am not so sure that we were right—and he finally agreed to run. A little late. He was narrowly defeated.

Those who knew him, knew that he was alert, bilingual, a first-class orator and legislator. In 1964 when the government established a Joint Committee on Consumer Credit, Joe and I were co-chairmen. We worked together for a year. He was particularly anxious to see that people would not be buried in debt. His wit and his ability eased some blows. I think what is most remembered and was indicated is that when he became a candidate for the leadership of the Liberal Party of Canada in 1969, he did not win but he left an indelible impression upon the people who were there.

All of you have attended conventions and all of you know that there comes a time when there is an appeal made to those who have not got a chance: "Get out, will you?" The hope is that you can pick up some of their supporters. I remember that when we went to Joe and asked him to get out of the running he said, "Oh no, politics is like a horse race; you never know. I don't think I can win, but a great number of people have bought tickets on me and I have to give them a run." And that is the way it was. As a matter of fact, we had a fair idea as to

how many votes he would get, but in the end he fooled us by getting twice as many.

I am sure that some of you now present were at that convention, and most of you should have been there. Do you remember the last day of the convention when the candidates were making their last pitch? Joe was the last one to speak, and the crowd was getting impatient and tired. The feeling of "Let's get out of here as quickly as possible" was becoming quite noticeable. When Joe stepped on to the platform the level of the chatter from the crowd was so loud that you couldn't hear yourself think. Joe approached the front of the platform in Lincoln-like fashion, tall, slim and slow. He spoke without the assistance of a text, and in a loud voice called attention to the fact that he was about to speak. Suddenly the crowd became intent. They listened and became excited when Joe started talking, gesticulating in his own way, about liberalism, philosophy, hope in the achievement of the future of his beloved Canada and a united Canada. This was one of the greatest orations I have ever heard while attending conventions, and I have attended a great number of them. The crowd cheered him on, and that made Joe that day.

Joe didn't lose; he just didn't get enough votes. That reminds me of a story told about Sir Wilfrid Laurier, which I am sure is true. When given an overwhelming reception in Toronto he said, "You cheer for me, but you don't vote for me." That is what happened to Joe that day.

It has already been mentioned that he suffered a stroke, but, despite his physical disability, his brain was alert and keen. Why, it was just last Thursday that he was up on his feet in this house on a question of privilege.

● (2020)

As I said earlier, I had the privilege of knowing Senator Greene for many years. Such men come to public life too late and leave too soon. He never ran with the crowd. He served this country in peace and war. He was a decent man, an humanitarian. He was a cheerful, warm-hearted man, a man who wished good things for all God's children.

The Senate is poorer today, and we in the Senate mourn his death. We extend our sympathy to his lovely wife, Corinne, and his wonderful family.

**Hon. Bernard Alasdair Graham:** Honourable senators, it is quite obvious that this evening we all feel a deep sense of loss at the death of our distinguished colleague, the Honourable Senator J. J. Greene. To all of us he was a man of sterling character and remarkable courage. Senator Grosart has said that Joe was respected and loved by all of the people who knew him. To me, as is the case with so many of my colleagues, he was a very special friend.

Both Senator Perrault and Senator Croll made reference to his speech at the 1968 Liberal leadership convention—a speech which many people still believe to be one of the greatest political speeches ever made at any time or at any place in our country. He was a great Canadian, and was respected wherever he went in Canada.

Just over three short weeks ago, I had the privilege of accompanying Senator Greene to a conference in Switzerland. During a debate on international problems, Joe spoke so eloquently on the principles of freedom and democracy—principles which he himself espoused and held so dear—that he had the complete and undivided attention of every delegate in the auditorium.

Despite physical adversity in recent years, he continued to impress and inspire all of us with his keen mind and sharp intellect. His extraordinary sense of humour is almost legendary.

Honourable senators, we live in an age when cynicism and distrust have become almost respectable, a time when some people are prepared to believe that any person who serves in public office is serving only himself, a time when we look behind every person's words to discover the selfish and dishonest motives which some people believe are always there. In such an age, it is very reassuring to have known people like Joe Greene, a person of conspicuous and unquestioned loyalty.

Someone said recently that in the hierarchy of the qualities of character by which a man lives his life and is judged by his fellow men, there is no more important a quality than personal integrity. What higher praise can anyone give than to say that a man's word, whether given in public or in private, can be relied upon absolutely?

Indeed, our friend Joe Greene had many such fine qualities. But most of all he was an exemplary family man. I join with my colleagues in extending to Corinne and to his sons and daughters our expression of very deep sympathy.

[*Translation*]

**Hon. Jean Marchand:** Honourable senators, only silence can adequately express our feelings in the face of this terrible reality—the sudden passing away of our friend Joe Greene.

However generous, sincere or even poetic, words can be nothing more than pale shadows of the deep feelings which move us. With you, I bow before the one who was our beloved colleague and whose last breath vanished through the mysterious and impenetrable forces of death.

If we are to do something for our friend Joe Greene, we should all go to Arnprior to express our sympathy to his wife who has been admirable during the long years of agony of her husband.

[*English*]

**Hon. Royce Frith:** Honourable senators, I want to add a word about my friend Joe Greene. I remember the occasion referred to by Senator Croll. I was chairman of the convention when Joe presented himself as a candidate for the leadership of the Ontario Liberal Party. That was his first step on to the larger public stage, and a spectacular debut it was.

I remember Joe as a Canadian who thoroughly understood and deeply felt two very important principles. Not only did he understand and feel them, but he could always articulate them so eloquently—the rule of responsible government and the rule of law.

Although Joe represented a constituency outside the Ottawa Valley, he was a Valley boy and was always thought of as such. On behalf of the people of Lanark County, a part of the Ottawa Valley where Joe was so well known and so well loved, and to whom he was a genuine folk hero, I want to associate myself with everything that has been said this evening, with the well-deserved and well-earned eulogies expressed tonight by my fellow senators.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report on the Audit of the Office of the Auditor General to the House of Commons for the fiscal year ended March 31, 1978, pursuant to section 22(2) of the Auditor General Act, Chapter 34, Statutes of Canada, 1976-77.

Report of the Canada Post Office for the fiscal year ended March 31, 1978, pursuant to section 80(2) of the Post Office Act, Chapter P-14, R.S.C., 1970.

Copy of Report of the Administrator under the Anti-Inflation Act, dated October 3, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plan of the Municipal Police Force of the Town of Sturgeon Falls, Ontario.

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 22 of the International Development Research Centre Act, Chapter 21 (1st Supplement), R.S.C., 1970.

Report of the Operation of Agreements with the Provinces under the Hospital Insurance and Diagnostic Services Act for the fiscal year ended March 31, 1977, pursuant to section 9 of the said Act, Chapter H-8, R.S.C., 1970.

Report respecting operations of the Medical Care Act for the fiscal year ended March 31, 1977, pursuant to section 9 of the said Act, Chapter M-8, R.S.C., 1970.

Report of the Cape Breton Development Corporation including its financial statements and auditors' report, for the fiscal year ended March 31, 1978, pursuant to section 33 of the Cape Breton Development Corporation Act, Chapter C-13, R.S.C., 1970.

Report of the Roosevelt Campobello International Park Commission, including its financial statements and auditors' report, for the year ended December 31, 1977, pursuant to section 7 of the Roosevelt Campobello International Park Commission Act, Chapter 19, Statutes of Canada, 1964-65.

Report on the administration of the Small Businesses Loans Act for the year ended December 31, 1977, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

[Senator Frith.]

Report of the Tax Review Board for the year ended December 31, 1977, pursuant to section 17 of the Tax Review Board Act, Chapter 11, Statutes of Canada, 1970-71-72.

## THE SENATE

EMERGENCY SITTINGS—NOTICE TO SENATORS—QUESTIONS

**Senator Grosart:** Honourable senators, I wonder if I could ask the Leader of the Government a question which appears to be on the minds of a number of senators who have spoken to me. It relates to the sitting of the Senate in the early hours of this day. Would he be good enough to advise the Senate as to whether all senators were notified of the intention on the part of somebody to call a sitting of the Senate at that particular time? I am asking if all honourable senators were advised, being aware, of course, of the fact that our rules require that such notice be given at whatever the residence of record is of honourable senators. Perhaps he would answer the question because I know it concerns a number of senators who have said to me, "I never heard anything about it," and that includes myself.

**Senator Perrault:** Honourable senators, I know that every effort was made to communicate with as many senators as possible to inform them of the emergency situation which existed. However, I would be pleased to prepare a fuller statement and explanation. Perhaps I can make that available in the course of this week.

I think honourable senators are quite aware of the fact that an extreme and unanticipated emergency existed late on Monday. Had ordinary circumstances prevailed and, had time permitted, telegrams would have been sent out in the ordinary fashion. However, that process would have delayed by a number of critical hours the resumption of work, and I understand that a prolongation of the strike would have caused additional and costly economic difficulties. As I have said, I have been advised that every effort was made to communicate with as many senators as possible. Unfortunately, in certain instances it was apparently impossible to effect contact. I, too, have been informed by certain senators that no message got through to them.

**Senator Grosart:** May I also ask the Leader of the Government if he can answer this essential question: Was an attempt made to contact *every* senator? Either by telephone, by telegram or in any other fashion, was any attempt made to contact *every* senator? Indeed, was every senator advised that there was a sitting of the Senate at the time in question?

I do not want to raise the question at this time of whether the Senate actually sat. Some might wish to raise that question. My recollection is that there was an order of the Senate that we would sit tonight. Perhaps that in itself raises the question whether, when it is made in the future, such a motion should include the proviso that is sometimes included that Her Honour the Speaker may, if necessary, call the Senate at an earlier time.

**Senator Croll:** That is in the rules.

**Senator Grosart:** I am merely raising the question. I do not want to go into the whole question of the legality of this thing, but I think it is of the utmost importance that at all times when the Senate is called to sit *every* senator, if he can be reached, should be advised that there is a sitting of the Senate. We must be most careful that no sitting of this Senate in future should ever be called on the basis, if this was the basis, of some one person's selecting the senators who are to be advised that there is a sitting.

I think the question is important. A sufficient number of senators on both sides have called me to ask about this matter that I think is important—and I may say that in my position as the Acting Leader of the Opposition I was not formally advised. In my opinion this is a serious situation. I can understand that the Leader of the Government will wish to take my question as notice. I am sure he will be as concerned as I am, if the concern of some senators as expressed to me has any basis in fact or is justified.

**Senator Perrault:** Honourable senators, the question posed by the Honourable Acting Leader of the Opposition is both sound and important. I can only reiterate that to the best of my knowledge, taking into account the lateness of the hour and the circumstances, appropriate efforts were made to communicate with as many senators as possible. There was no select list of senators to be contacted. I understand some senators were in transit. I know, personally, of some of the efforts made, and they were indeed extensive.

The honourable senator has advanced the view that some procedure be established to meet these situations should they occur again. There may be real validity to the point. We seem to be moving to these extraordinary procedures with greater frequency than heretofore.

Apart from that, concerted efforts were made involving a great deal of effort to contact at that late hour as many honourable senators as possible. I know of certain cases where the telephone was not answered. I am prepared to take the question as notice, and I will provide further answers that honourable senators may require.

**Senator Denis:** As a supplementary, may I ask the Leader of the Government a question concerning those senators who were not advised of Monday's meeting? Those senators were unable to be present because they did not know about it.

**Senator Perrault:** In reply to the honourable senator, tonight's sitting is a continuation of the sitting which, if he will check the time, commenced after midnight this morning. Those senators who are in the chamber this evening are meeting fully their attendance obligations for today's sitting.

**Senator Denis:** On Thursday we adjourned until Tuesday. So even though we did not attend Monday's sitting, we are present for today's sitting.

**Senator Marshall:** Honourable senators, my question is a supplementary as it relates to the same subject. I refer particularly to the approximately seven or eight senators who have their offices located at 140 Wellington Street. In my view there are inadequate transport facilities provided to enable senators to attend emergency sittings of the Senate. Because of the inadequate bus service it is difficult for them to get to their offices on a weekend to serve their constituents. May I ask the Leader of the Government to look into the diminution, and in some cases cancellation, of bus services, and try to correct the situation for the benefit of the people of Canada whom we are trying to serve?

**Senator Perrault:** Honourable senators, may I suggest that any information which the honourable senator may have with respect to a deterioration in service should be communicated as soon as possible to the Chairman of the Internal Economy Committee. Certainly I share the honourable senator's concern for any lack in the quality of service.

**Senator Marshall:** Honourable senators, perhaps I should direct my question to the chairman of that committee and ask him to investigate the lack of service in order that we might serve the people of Canada in the way they expect.

**Senator Laird:** Honourable senators, may I mention that the report of the Selection Committee has not yet been dealt with and voted on. Therefore the Internal Economy Committee does not exist. Although I was chairman last year, I may not be the chairman for the present session.

**Senator Perrault:** Honourable senators may feel assured that the Internal Economy Committee will be formed within the next few hours.

**Senator Steuart:** Honourable senators, when the Leader of the Government provides the answer to the question, will he tell us exactly what happened, who was notified and how they were notified? I was here yesterday evening, and I heard on the CBC this morning that there was an emergency meeting last night. We have heard a good deal of criticism of the Senate, and I would like to know how we are supposed to know there is a sitting if we are not notified.

**Senator Perrault:** Honourable senators, the situation will be reviewed. Happily, the Senate was able to expedite the passage of an extremely important measure of value to a great many Canadians.

• (2040)

**Senator Steuart:** Honourable senators, I think it is wonderful that those people who were here expedited that measure. But how about the people who were not here and who were not notified? The Senate has suffered a lot of criticism, but if we are not notified and cannot be here, how can we know if we would have been in favour of the measure or not?

## POST OFFICE

### DISRUPTION IN SERVICE—QUESTIONS

**Senator Bosa:** Honourable senators, has the Leader of the Government in the Senate news of any progress that might have been made with regard to the postal strike?

**Senator Perrault:** No reports have been received lately; however, it is my understanding that those workers of the Post Office who do not report for work in approximately 24 hours

from now—a deadline of one minute past midnight tomorrow night has been set—will be considered as no longer being employees of the Post Office Department.

**Senator Asselin:** Is it true that the strikers are not obeying the injunctions which have been issued by the courts? If the answer is in the affirmative, what other ways and means does the government intend to adopt against the strikers to compel them to obey the law that we passed last week?

**Senator Perrault:** Honourable senators, it is my understanding that in at least two population centres workers are being advised by their leaders to defy the injunctions obtained from the courts. As far as other measures are concerned, a number of alternatives are being considered, but certainly it is not the intention of the government to allow a group of workers in this important area of activity to continue to defy a decision taken by the Parliament of Canada and the decisions taken in the courts, defiance which is causing so much inconvenience to Canadians from coast to coast.

Apart from this I am not able to specify, and I do not believe it would be prudent to delineate the alternative courses of action which may lie ahead.

**Senator Walker:** Might I ask the Leader of the Government whether we have found out how many of the leaders of the Post Office workers are communists, and how many of them were trained in England and Scotland when there were about 1,500 Soviet agents in those countries about 10 years ago? Would the honourable leader look into that? The manner in which they are all acting is beginning to look very odd.

**Senator Perrault:** Honourable senators, I will take that question as notice.

**Senator Denis:** May I mention this to the honourable leader? I know of a woman who tried to get into a post office in order to work, but she had to go back because she was afraid of being injured by the bouncers who were stationed around the Post Office.

I am aware that the honourable leader has said that the offenders would be out of work, but are those who are willing to work going to be protected 24 hours a day? The person I have referred to wanted to work, and she is not alone. There are many Post Office employees who are ready to work, but who are afraid to go near their place of employment because of the dangers they face there.

**Senator Perrault:** Honourable senators, if any honourable senator knows of examples of alleged intimidation, that information should be made available at the earliest opportunity to the minister responsible for the Post Office. In the meantime I shall endeavour to have an up-dated report on the Post Office situation available for honourable senators before we rise this evening. Information will be sought in the next 15 minutes on what progress, if any, may have occurred in the early evening.

[Senator Perrault.]

## FISHERIES

### PROPOSAL TO ESTABLISH SEPARATE DEPARTMENT OF FISHERIES AND OCEANS—QUESTION

**Senator Marshall:** Honourable senators, I wonder if I could ask the Honourable the Leader of the Government in the Senate a question concerning Bill C-65, entitled the Government Organization Act, 1978, part I of which deals with the establishment of a separate department of fisheries and oceans. Could the honourable leader impress upon the Minister of Fisheries and the Environment the importance of establishing such a department, and can the leader obtain from the minister information as to the date that this legislation might be re-introduced in the present session.

**Senator Perrault:** Honourable senators, that question must be taken as notice. The information is not immediately available.

### GOVERNMENT ACTION AFFECTING FISHERMEN IN ATLANTIC CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, although I am not at this moment able to answer the honourable senator's present question, I do have the reply to a question asked by him on October 18 last.

The honourable senator's question, in part, was as follows:

> I should like to ask the Leader of the Government a question having to do with the fishermen in Atlantic Canada. In view of the continuing fears about a definitive decision by the government, first, concerning the future of the fisheries research laboratory in Halifax, secondly, closing the weather station at Gander, and thirdly, the cut-back of marine broadcasting, even though there has been some representation otherwise, could the leader extract from the Minister of Fisheries and the Environment a definitive decision on the government's intentions?

The honourable senator has raised questions relevant to programs recently affected by announced federal government spending cut-backs. First, in the case of the proposed closing of the fisheries technological laboratory in Halifax, the Honourable Minister of Fisheries and the Environment, following representations made to him, agreed to review the decision to reduce secondary technological research at the lab. A decision on this question is expected in the near future. It must be pointed out, however, that any reduction to staff, if implemented, would affect the national program, and involve considerably smaller numbers than the media have been quoting for Halifax alone. It is also important to recognize that any decision to reduce federal government assistance would only affect secondary industry technology. Reduction of technological support to the fishing fleet has not been, nor would it be, considered. As well, efforts of the department in fisheries research and stock assessment are not only being maintained, but increased. I am confident that the honourable senator appreciates the need for time to carry out a further review and re-appraisal of this particular program.

With respect to the closing of the weather station, the honourable senator, I am sure, is aware by now that forecasting services will not be transferred to Halifax but will continue to be provided, as in the past, from the Gander weather office. As well, the atmospheric environment service of the Department of the Environment has been instructed to ensure that the quality of weather services in Newfoundland and Labrador is maintained at current levels. Specifically, there will be no cut-back in the number of daily weather forecasts for the province, nor any reductions in the frequency of marine broadcasting.

**Senator Forsey:** Honourable senators, I wonder if I might ask the Leader of the Government a supplementary to the question asked a moment ago by Senator Marshall about the proposed department of fisheries and oceans, or "the" oceans. I wonder if the government might give consideration to selecting a somewhat less grandiloquent title for that department. We used to hear that "Britannia rules the waves," but apparently, henceforth, it will be, "Canada rules the oceans." I am also reminded of the scriptural phrase, "I have made Ethiopia my wash-pot, and over Egypt have I cast out my shoe." It appears that the government is now proposing to make the Pacific its wash-pot, and over the Atlantic to cast out its shoe. When I saw the title of that bill I was astounded at the inflated terms which had been used.

I should really like, apart from any facetiousness, to suggest that it is a somewhat absurd title.

**Senator Perrault:** Honourable senators, in view of the honourable senator's noted wizardry with words, I say on behalf of the government that we would welcome any alternative suggestions which may emanate from his inventive mind.

**Senator Grosart:** You will be sorry.

## ADMINISTRATION OF JUSTICE

### McDONALD ROYAL COMMISSION—QUESTION

**Senator Asselin:** Honourable senators, through the Honourable Leader of the Government, may I put a question to Senator McIlraith? There was a question asked in the other place today concerning Mr. Higgett, the former Commissioner of the RCMP. He testified before the McDonald Commission that the Solicitor General had been apprised of a planned break-in by RCMP officers before it occurred.

• (2050)

**Senator Langlois:** Honourable senators, I rise on a point of order. I do not think the honourable senator can ask such a question of a member of this house if he is not a chairman of a committee of this house.

**Senator Asselin:** I will direct my question to the Leader of the Government. I wish to give Senator McIlraith an opportunity to correct a statement which has been given before the McDonald Commission.

**Senator Langlois:** Order!

**Senator Asselin:** I want to know if Senator McIlraith has something to say about this statement which has been made before the commission.

I do not want to take any direction from the Deputy Leader of the Government. If the Speaker of the Senate wishes to stop me from speaking, she may ask me to resume my seat and I will do so immediately.

**Senator Langlois:** She has been motioning to you.

**Senator Asselin:** I will not take any orders from you.

**Senator Langlois:** The Speaker is on her feet now.

**The Hon. the Speaker:** Honourable senator, questions should be addressed only to the Leader of the Government.

**Senator Asselin:** May I ask this question of the Leader of the Government now? Senator McIlraith, a former Solicitor General, was accused today of having given permission to Commissioner Higgett and his agents to break the law. I am referring to certain incidents which occurred in 1970, 1971, 1972, and 1973. I think Senator McIlraith is aware that this statement has been made.

**The Hon. the Speaker:** What is your question?

**Senator Asselin:** I will get to it. I should like to ask the Leader of the Government if he is aware of this statement, and if so, will he give Senator McIlraith an opportunity to rise on a question of privilege in order to deny this statement which has been made today.

I should also like to know if the Leader of the Government can advise me if this question has been discussed in the Cabinet, and also if he knows whether the government is going to produce some documents that have been referred to before the commission.

**Senator Perrault:** Honourable senators, it is difficult to determine whether this is an earnest search for knowledge or a fishing expedition. However, I will take the inquiry as notice.

## ENVIRONMENTAL AFFAIRS

### CLOSURE OF WEATHER STATIONS IN NEWFOUNDLAND AND REGINA—QUESTION

**Senator Steuart:** Honourable senators, I should like to ask a question of the Leader of the Government. My understanding is that, among others, two weather stations were closed—one in Newfoundland and one in Regina, Saskatchewan. My further understanding is that before the federal by-elections the weather station in Newfoundland was re-opened—politically, to no avail, as I understand. However, the one in Regina was not re-opened—politically, to some avail because the Liberals were wiped out in that province. My question is: If the weather station in Newfoundland was re-opened, why was the weather station in Regina not re-opened?

**Senator Perrault:** Honourable senators, obviously there was at least some stormy political weather in Saskatchewan last week. Apart from that, I have no specific knowledge immediately at hand, but an inquiry will go forward.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 19, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. David Walker:** Honourable senators, may I first of all express my condolences to the attractive and hard-working widow of the late Joe Greene, and also to his family who are a remarkable group of people. Joe was a great jury lawyer. Many a time we congregated in his office, when some lawyers like his great friend, Doug McConachie, came up from Toronto to the Supreme Court, and hashed over old times. Joe was a gentleman of the bar and a gentleman of the house. Without a doubt, he made the best speech of any of the candidates for the leadership of the Liberal Party. I was there, and I gave a $200 contribution to one of the candidates.

I congratulate Senator Rizzuto on his excellent speech. Senator Rizzuto, formerly from Italy, has not only become proficient in the French language, but also proficient in the English language. And I congratulate Senator Bird whom I have known for years. She is the widow of a former well-known and well-liked member of the Press Gallery.

I should also like to congratulate the Leader of the Opposition who, unfortunately, is not here tonight, on the most remarkable speech of any speech made in the Throne Speech debate to date. He gets better every day. Nine years ago I nominated him for the leadership of our party, largely because he is French Canadian. He has turned out to be a wonderful leader and one that everybody is proud of, including the Deputy Leader.

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

**Senator Walker:** May I also say a word about you, Madam Speaker? I feel I could go no further without doing so. You have had an amazing influence on this house. Without taking any firm measures, without naming anyone, and without throwing anyone out, you, because of your personality, have kept order without any effort on your part. We are delighted to have you play the part that you do, and we regret to think that your term may be over when the government changes. We must see if we can do something to keep you on, because you are doing such a fine job.

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

**Senator Walker:** I have been asked, and it is my privilege, to say a word about the Honourable Alan Aylesworth Macnaughton. He has been a friend of mine since 1958 when Lester Pearson nominated him as Chairman of the Public Accounts Committee. I was elected as counsel for the committee. At that time I thought, "Oh, this fellow is going to be a push-over," and I thought I would be able to rip him apart. However, in his capacity as Chairman of the Public Accounts Committee, he was such a nice person, such a competent one, and such a fair one, that he really established his reputation in that committee. That committee investigated the building of the Printing Bureau in Hull. Of course, a shocking disclosure took place, and he must have been embarrassed as a Liberal chairman of that committee day after day as the tale unfolded. However, he kept order, and when the great four horsemen came in to interrupt and tried to break it up, he still kept order. When the committee wrote its report condemning the former government for its waste and extravagance in building that edifice, which was to have cost $6 million but which eventually cost $18 million, it is to the credit of Alan Macnaughton that the report was unanimous. He served for four years as chairman of that committee, and it was no wonder that when Mike Pearson, my old professor at the University of Toronto, became Prime Minister in 1966 the first person he would name as Speaker of the House of Commons would be Alan Macnaughton.

[Senator Perrault.]

● (2100)

I go on to tell you that when Alan Macnaughton finished as Speaker of the House of Commons, none other than former Prime Minister John Diefenbaker said, and repeated many times, that he never at any time found a fairer and more able Speaker than our former colleague Alan Macnaughton. I am talking about a Liberal, and I am talking, too, with enthusiasm.

May I just say one or two more words about Alan Macnaughton? He had to retire when he was 75. He has retired from the Senate, but not from his law firm which, with 58 lawyers, is one of the largest in Canada. He is still the counsel of Martineau, Walker, Allison, Beaulieu, MacKell and Clermont in Montreal. He is still director of about 20 companies. He was director of 40 at one time. He was Chairman of Pirelli Canada Limited, Chairman of Canadian Offshore Marine Limited, and he presently is a director—I will not give you the whole list—of Ontario & Minnesota Pulp and Paper, Aviation Electric, Brown Boveri Canada Limited, Cunard International Canada Limited, Federation Insurance, Miramachi Timber Resources Ltd., Saeletric, and many other prominent companies. Particularly, he is the adviser to the International Committee for the Swiss Bank Corporation. He is still a director of that corporation. He has done more than any other Canadian to promote business between Switzerland and Canada. He is still a director of the famous Hoffman-La Roche Limited and Sapac Corporation.

I am not going into all his achievements. He was Chairman of the Roosevelt Campobello International Park Commission. He created great goodwill with the United States. He was Chairman of the Canadian delegation to the United Nations, and of the Trans-Canada Environment Committee; Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, always serving under the distinguished Chairman, Senator Hayden, and serving with great distinction.

Alan Macnaughton was never defeated in all his tries for the House of Commons. For that I envy him. I got beaten in Rosedale in 1962. I couldn't understand it at the time. But when the swing goes the other way, don't feel too badly, members of the Senate on the other side. When the time comes it really comes with a vengeance. He was never defeat-

ed. I remember twice in Mount Royal he had the largest majority of any member of Parliament in Canada. He gave up his seat to the Prime Minister—one of the mistakes he made. After all, you know, he didn't have precognition of what was going to happen. Eventually, but not for some time, he was appointed to the Senate.

May I say this about him in conclusion? He is the type of person we don't very often find in politics. He was always modest, always soft-spoken; he never boasted, never blew his own horn. Yet from job to job he succeeded—on the Standing Senate Committee on Foreign Affairs, on the Canada-United States Inter-Parliamentary Group. I was just amazed last year, on my first attendance in New Orleans, to see the American senators and congressmen get up to praise Alan Macnaughton, who retired as chairman of the committee on that day.

Therefore, it is my pleasure, as a Tory, to put on record a summing-up of a great Liberal, who made a very distinct contribution to Canada. Quite contrary to most politicians, he never lost his cool; he did everything that he could by persuasion. If they ever want to get a good person to arbitrate that awful mess in the Post Office they couldn't get anybody better than Alan Macnaughton. Long may he be spared many happy days in the future.

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

**Senator Walker:** I want to congratulate my leader, as I think I already have, on his remarkable showing. I also want to congratulate the Leader of the Government, not on his speech on the Address in reply to the Speech from the Throne—because it was, you know, a tub-thumping whitewash of the government, which is just what I would expect; very nicely done, and very much to be expected—but on his magnificent showing during this summer when he, day in and day out, at the risk of being himself thrown into the wilderness, upheld the rights and privileges of the Senate, the reputation of the Senate. He never gave in at any time. He allowed himself to become unpopular for a time in doing so. I think everybody in the Senate, be they Liberal or Conservative, owe a great debt of gratitude to the leader of this house for his exhibition this summer.

May I also, as one who, because of doctors' orders, was ordered off the committee, congratulate the Special Joint Committee on the Constitution of Canada and the Special Committee of the Senate on the Constitution of Canada. Every member of the Senate and every Canadian owes a debt to the members of that committee. If I may say so, Senator Forsey—although I very seldom praise him, he quite often bores me—was the hero of the piece, and I hope all of us appreciate what he did in connection with this awful matter of Bill C-60.

Tonight the subject of my sermon is the three wise men. They are all professors, all very intellectual, all very brilliant, all theorists; but, unlike many professors in this Senate, who work pragmatically, they have no sense of administration, and all of them failed.

Just let me show how fair I am. I am going to bring in a Tory first, Professor Sidney Smith. He was my professor at Osgoode Hall; a lovely fellow. He wore the mortarboard with distinction, and the robes. He was a good President of the University of Toronto. When he got down here as Minister of External Affairs he sat over there, and I sat immediately behind him. At that time, before I got to the cabinet, I was the Parliamentary Assistant to the Minister of Justice. He would start to shake when Mr. Pickersgill and the others asked him questions.

• (2110)

**Senator Asselin:** And Paul Martin.

**Senator Walker:** And Paul Martin, particularly; that's right.

I remember him once turning around and asking, "What will I say? What will I do?" I replied, "In your own polite language tell the . . . to go to hell." You know, that cooled him off.

He never got used to the house. Even in committees he was very nervous, and it eventually caused his death in 1959. Mark you, having said all that, he was a marvelous man. I am only talking about the subject I am leading up to.

Professor John Evans had also been President of that great University of Toronto—the most prestigious job that any academician can hold. His sojourn, of course, was short but sweet. He could not understand people. During the by-election campaign he was bored, browned-off and disillusioned. He felt he had been taken for a ride by the Prime Minister. He was badly defeated in my old riding of Rosedale by David Crombie, whose future as a man of distinction is just beginning.

The Damon and Pythias relationship between the Prime Minister and Evans finally ended. Before that as they both sat on the platform, in their mortarboards and fine robes, they were able to discuss things. The siren song went forward to Evans: "You know, if you come into Parliament perhaps you could succeed me as Prime Minister." Evans fell hook, line and sinker. His ego was tickled. He took the bait. As Shakespeare said:

> Vaulting ambition, which o'erleaps itself,
> And falls on the other.

The result was dismal. He looked brokenhearted. And I want to tell all you Liberals on the other side, including the organizer, Senator Davey, who should be there but isn't, "Don't worry about Evans." He'll never run again. He's had it. I am sure he has. That is a second professor.

As I say, all professors are not failures. You have examples here such as former Professor Flynn, Professor Goldenberg, Professor Hicks and least—no, last but not least, Professor Forsey of McGill.

I come to the third professor. We have had Smith, Evans, and now Professor Trudeau. He was not really a professor. He was an Assistant Professor of Law at the University of Montreal. That is the first real job that he ever took in his first 45 years. He was pretty good as a lecturer at law. Very good. His rise was meteoric. Trudeaumania became the fashion. His

charisma charmed everyone. It charmed even me. I remember thinking in 1968, because separation had raised its ugly head during the regime of Lester Pearson, that here is a French Canadian, and a very brilliant French Canadian, who will solve this matter and solve it quickly. So, like so many other almost millions of Canadians, there was delight when he became Prime Minister.

The first thing he decided to do was to have a "just society". He would redistribute wealth in a sort of semi-socialistic society. Giving away government money was the main object. It looked to be a never-ending process—redistribute the wealth.

Five years later, when the "just society" didn't work and the money was getting low, he decided to plan a socialized welfare bureaucracy because, he insisted, private enterprise had failed. Well, he never did believe in private enterprise. But now, after 10 years, when he has so dismally failed, with no chance to succeed before an election, he turns at last to the system that he has always detested, always run down, always spoken against, and this made him sometimes suspect of being other things because of his bitterness toward it. He turned, finally, just a few weeks ago, toward individual initiative. He became a great supporter finally, after 10 years as Prime Minister, of private enterprise.

He will try this just long enough—he has it started now—to make it the scapegoat for the failure of his previous 10 years, and then he will turn saying that he has given this private enterprise thing a trial, and it is a failure. The country is nearly broke now, but it will be completely broke when it gets through with this. He will turn to what he has always planned and admired—absolute government; perhaps a presidential system ending in a dictatorship.

We know he likes dictatorships. "Castro, my dear friend." It is the only time I have ever seen Castro smile. Mao-Tse-Tung was a great friend of his. Mao-Tse-Tung was a great man. Khrushchev was a great man. He has friends in all the communist countries. But thanks to you and your committees, that ill-fated Bill C-60 to amend the Constitution failed. It failed dismally. If I have the opportunity some day, I would like to outline to you—but you have probably come to the same conclusion yourself—how it was a blueprint for becoming the dictator.

In the meantime, thank goodness, we brought an end to all this nonsense. The results of the 15 by-elections point out his awful failure. It is a rude awakening. We do not deserve credit for this—not too much credit. When the Tories won 10 of the 15 seats and the Liberals lost 12 of the 15 seats, that must have been, even to him, an awful eyeopener. From now until the next general election the question will be: Are you going to be with Trudeau, or are you going to be without him?

Senators on the other side have been kicked around. We have been too. We shared it with you, but we expected it. We are the opposition. You would have been just summarily dismissed to oblivion through this bill. There was no consultation with you. You were just going to be kicked out without any say about it at all.



Let's just think about who we would get if we did not get Trudeau. The best men have left the Liberal cabinet. There have been a total of 34 resignations or firings from the cabinet since April 1968, when Trudeau became Prime Minister. I am going to read their names without comment. Just think what good fellows a lot of them are. They are very distinguished people: Ron Basford, Edgar Benson, Leo Cadieux, J. J. Côté, Jack Davis, Charles Drury, Jean-Eudes Dubé, Francis Fox, C. R. M. Granger, H. E. Gray, Joe Greene, Stanley Haidasz, Paul Hellyer, Pierre Juneau, Eric Kierans—he was one of the first to go—Arthur Laing, Donald Macdonald—my opponent who beat me in Rosedale—George McIlraith, Bryce Mackasey, P. M. Mahoney, Jean Marchand, Paul Martin, John Munro, Martin O'Connell, H. A. Olson, Gérard Pelletier, Jean-Luc Pepin, James Richardson, H. Robichaud, Maurice Sauvé, Mitchell Sharp, R. D. G. Stanbury, Roger-Joseph Teillet and John N. Turner.

• (2120)

There is the list. Who are left? Well, there is Mr. MacEachen. He is a pleasant and respectable person. Jamieson—I don't mind calling him a smooth windjammer. Lang—he can talk out of both sides of his mouth at once—holds three portfolios and juggles them all at the same time. Chrétien—a good fighter, as he describes himself. Bud Cullen—able; watch him, because at some time in the future he may be your leader. But there is nobody of genius left in that cabinet except, of course, the Prime Minister himself—but he is an odd genius. Why are they left? Well, they know how to butter him up. If you didn't, watch out.

The organizer, Senator Keith Davey, left when he heard I was going to speak. You cannot blame him for doing that. He wanted an early election. I was going to give him credit for that. He wanted an early election before the force of public opinion became so clarified. We can't blame him. He counted on an early election, but he is now like the salesman out with what some people call a "crappy line" to sell. It is like trying to sell Firestone tires at the present time. They are unsaleable until they are replaced. Davey is a good actor. He is loyal and says the Prime Minister is a wonderful fellow, and is doing a good job. I can't go on any further because I can't stop laughing.

Those in waiting for the leadership? I don't see anyone else except John Turner, the "Bonnie Prince Charlie." All the Scotsmen, the French Canadians and English Canadians are, with united voice, crying out, "Will ye no come back again." He is a very nice man and a friend of mine. I like his personality, but what about his record of accomplishment? This is not meant to be personal, I want to be completely impersonal—that's right, Heaven forbid.

**Senator Guay:** Well, I don't—

**Senator Walker:** I don't get interrupted when I talk about Trudeau, but when I talk about the person who is in the wings, I do. I haven't noticed you doing a great deal to distinguish

yourself in the Senate, Senator Guay, except to make rude interruptions which I can't hear at this distance. Get up and make them if you wish.

**Senator Guay:** I will. Madam Speaker, I do not know what the honourable senator is making reference to. I was not addressing myself to him. If he wants me to address him, I can tell him that I don't agree with the statements he makes about the Prime Minister. I think he should also take into consideration, while criticizing the Prime Minister, where he would place Joe Clark in relation to the three musketeers to whom he keeps making reference.

**Senator Walker:** This is not a question, Madam Speaker, but a speech.

**Senator Guay:** If the honourable senator wants to know what I have to say, I can go on much longer and also make a speech.

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

**Senator Asselin:** Ask him what happened in his riding.

**Senator Walker:** What happened in your riding? Did you win it for the Liberals? Don't make a speech about it.

Since you have reminded me, I will talk about Joe Clark. Thanks for the thought. However, I will go on with what I was saying.

In the 44 months during which Turner was Minister of Finance, spending by the federal government jumped 98.8 per cent. That is pretty close to 100 per cent, isn't it? To put it another way, it took us 105 years to reach a spending level of $17.4 billion. John Turner doubled that figure in 44 months, taking the level of government spending, in his brief term, to twice that reached by any government since Confederation. Under the budgets he brought down, $113 billion of taxpayers' money was spent. When Turner took over from Edgar Benson, inflation was running at 4.9 per cent. When he left it was running at—what do you think? Six per cent? No, it was 10.6 per cent. This is Bonnie Prince Charlie we are talking about.

Under Turner, the cost of living jumped by 38.5 per cent. The dollar, if one assumes it to have been worth 100 cents when sonny boy—I mean Turner—came in, was worth 72 cents when he walked out in 1975.

You might as well know these figures now because they will all come out during the election campaign. In 1972 there was a surplus of $700 million in our current account balance, a surplus equivalent to our country's chequing account in international trade. In 1975 there was a deficit of almost $5 billion. That was during the term of Mr. Turner.

In the aggregate, since John Turner took over, the nation has had a current account deficit every year—every year—and Canada will have a deficit this year of at least $11 billion, and some say more. Last year and this year Canada will have the largest current account deficit of any of the industrialized nations in the world, Great Britain and Italy included.

So, when John Turner got the job as Minister of Finance, real growth in this country amounted to 6.6 per cent. That was before he got in. What do you think it was when he left? Was it 3 per cent, or 2 per cent? No, it was 0.3 per cent. On a per capita basis it didn't amount to anything. That is the leader who some people think is a substitute for Mr. Trudeau.

I don't know why people have changed so suddenly in their opinion of Trudeau. It has been coming on gradually, but I know he was a hero around my place for many years. Why are they sour on him? I think one of the reasons is that he has expressed many times his supreme contempt for Parliament, and he has a particularly supreme contempt for the Senate to which he appoints members assiduously. He has a contempt for us, as evidenced by the fact that he never consulted anyone before bringing down Bill C-60.

• (2130)

Now, he could not keep up that charisma. That is gone, and in its place there is distrust for Trudeau in his ability to govern or to settle Canada's problems. The papers are using the word "hate." I don't think that is the proper word. But if it bears any resemblance at all, Lord Bacon said once that hate is love's dark opposite. When the people got through loving him, they went to the other extreme.

Look at what he has done to his own cabinet. He has just thrown them out wholesale. What did he do with the Senate? He would have thrown honourable senators out, ne'er to be heard from again. Most of the survivors—

**Senator Bosa:** Would the honourable senator permit a question?

**Senator Walker:** Why, of course, particularly from you, my friend.

**Senator Bosa:** Did Flora MacDonald ask you whether you had consented to the House of the Provinces?

**Senator Walker:** As a matter of fact, she never did me the honour of discussing that matter with me. But she obviously did discuss it with you. She said she thought she had some approbation of it if it were amended properly, didn't she? To my mind, it was the damndest bill that was ever suggested to man. At some later date I would like half an hour to discuss it.

Look at what Trudeau has done to his own cabinet and what he has tried to do to the Senate. Most of the survivors—and this may be the crux of the matter—most of the survivors, not all, are sycophants. That is the reason they still have their jobs.

I am not looking at you, my friend, over there in the corner. You are an organizer. He needed you and you did a good job in Ontario in the recent by-elections. You tried hard. It wasn't your fault that you didn't win any seats.

No wonder he is upset. He now knows that he cannot govern Canada. Why not? Well, Eric Kierans, now a professor at McGill, was one of the first to leave the cabinet. He left the cabinet in disgust. He did not get fired; he quit. He said of Mr. Trudeau that he is impossible. He has said that while he can make marvellous speeches, he cannot run anything. He has no idea whatsoever of how to be an administrator. That is not his fault. The Lord has showered gifts on him, but not the gift of common sense; not the gift of pragmatism; not the gift of administration; not the ability to direct the affairs of Canada.

He does not know how to get things done. It is getting worse. He talks more now than he ever did before. He takes more holidays than he ever did before. He knows that he cannot accomplish anything, and he now thinks, as he must think, that the only thing to do is to talk. As a result, he talks more, and more, and more.

He went down the Danube in a boat with the great president of Germany, Mr. Schmidt. He was so filled with vim and ginger when he got back that he ordered all of the radio and television lines to be cleared and he made a roaring speech. I bet he cannot remember what he said. It was something concerning $2 billion. Was he going to spend it or save it? I don't know, and I am sure that today he wouldn't know either.

He hates the routine of work. That is why he likes to take so many holidays. He just doesn't know how to work. He never learned. He has been a dilettante all his life, a gentleman with lots of money. He puttered around with socialism; he puttered around with newspapers that would be distributed about the streets of Montreal, and so on. Until he became an associate professor, he had not done anything seriously that I know of.

Now, would you listen just briefly to this summary of figures? I will try to make it short and very simple. These figures will demonstrate what has happened to us.

The gross national product since 1968, the year Mr. Trudeau became Prime Minister, has increased by 55 per cent. The money supply in that same period has been increased by 155 per cent. Isn't that amazing! A 300 per cent increase in a short 10-year period.

Next: since 1968 the rate of inflation has grown from 4.5 per cent to what the Organization of Economic Co-operation and Development predicts will be, this year, 12 per cent. Think of it! Just think of it!

Next: unemployment has increased from 375,000 in 1968, when he became Prime Minister, to over 1 million this year.

Next: Canada, with 8.3 per cent of the total labour force unemployed—I hope you will listen carefully to this—has the highest unemployment in the industrialized world, exceeding the United States, which has 6.1 per cent; exceeding Italy, which has 7.5 per cent; and Germany, which has 3.6 per cent. When you get down to Japan, you find that country has an unemployment rate of just something over 2 per cent. Think of that!

Next: since 1968, government expenditures have multiplied by four and one-half times—four and one-half times in 10 years!

Next: the consumer price index has increased from 89.4 per cent to, not 100 per cent but 168.9 per cent. The consumer price index has doubled during the reign of Trudeau the Magnificent.

Next: since 1968, the purchasing power of the dollar has fallen to 52 miserable cents. It is worth less now than at any time, even at any time during the Great Depression.

Next: the International Labour Organization tells us, in its latest statistics, that Canada headed 55 countries in the number of man-days lost through strikes. Think of it. We lead the world. We will more than lead the world when we get through with what we are in the middle of now. According to those statistics, Canada has lost 2.27 days per worker, compared with one day per worker in the United States. In 1976 there were 800,000 man-days lost due to one event, the Canadian Labour Congress Day of Protest. The Canadian worker produces much less than the American worker. We can never get over this economic bind until we encourage our workers, as they have now done in England, to increase productivity.

Finally, the tax burden per worker in 1968 was $383. Last year, it was $1,446, a 375 per cent increase. The interest on money borrowed by Canada has increased from $893 million per annum in 1968 to $4 billion this year. That does not take into account local loans; this is money borrowed by Canada from abroad. In 1968 the governments of Canada, including the provincial governments, were spending 35 per cent of the gross national product. Now they are spending 42 per cent. Just think of it. Of every dollar that is paid in taxes 42 per cent is spent on government. It is a shocking situation.

• (2140)

Most of these figures have been obtained by the Organization for Economic Co-operation and Development and, of course, from the budgets.

Now, honourable senators, I am going to restrain my remarks, but there are two great problems facing the government of the day, each intertwined with the other. The first is restoring a badly depressed economy, and with that, of course, I include restraining inflation. Secondly, there is restoring the endangered national unity. Now, we cannot blame the outside world for our condition. They have not done it to us. We are not engaged in fighting a war. We cannot excuse ourselves by referring to crop failures, for the Lord has been good to us. We cannot blame it on a crash such as happened in 1929, and we cannot blame it on a worldwide depression. The truth of the matter is that "The fault, dear Brutus, lies not in our stars but in ourselves." The Trudeau government in recent years—and I am not being personal in this; I am being as serious as I can be because we are all in the same boat, and we share the boat with you—but the Trudeau government in recent years has lacked the wisdom as well as the courage to manage its own affairs. And I must say it also lacks the ability to manage its own affairs. Spending is so completely out of control that those interested are at a complete loss to know where to commence in an effort to regain control. God knows they would like to. For years now Canada has been heading for an economic breakdown while the Prime Minister, apparently, closes his eyes. I don't think the poor fellow has the slightest idea what to do about it. So he has taken the easy course regardless of consequences—spend, spend, spend on any conceivable excuse. Then, when the money runs out—print, print, print more money, and the result of this was a certainty—to destroy the value of the dollar.

Don't wonder what happened to your dollar; it was not anyone picking on us. We in this country have destroyed the

value of the dollar ourselves. The dollar not so long ago was worth more than $1.05 American—you remember how pleased we were—and it is now worth approximately 85 cents American, and it is still going down. And that is against a poor, old battered American dollar which itself is down 30 per cent. Just go over to Germany and try to live on American dollars! The American dollar is down 30 per cent in relation to the German mark.

Perhaps Canada's only solution under this government, which apparently lacks the will to control its expenditures, is to appeal to the International Monetary Fund to enable us to peg our dollar at 90 cents American with massive credits from the IMF. It would be a break for the Prime Minister because if you bring in the IMF, they take matters out of your hands and they set the terms. This would be embarrassing for the Prime Minister, but it might help him because he has no idea how to do it. And he seems to be unable to retain people in his department who will tell him how to do it. I remember when I was a minister I went to the army and got General Findlay Clark to help me with the National Capital Commission that runs Ottawa and vicinity, and I used the famous General Hugh Young to help me with public works. They are wonderful people because they understand administration. They are terrific. Of course, it takes two to make a bargain, and what worries me about the IMF is that when they get through outlining their plan and before they would come in, they would insist on Trudeau putting his house in order, and not only stop further needless spending but radically and dramatically cut current expenditures. But the Prime Minister with his pride would only accept such a course as a last resort because in all his ten years in office he has yet to cut down, to slacken or even to hold the line on government spending. He has made lots of wonderful speeches about it; nobody can make better ones, and, no doubt, his intentions were good, but he has never succeeded in doing it. Spend, spend has been the rule. The only possible step to maintain our solvency, and I am very serious in this, is to balance our budget and slow down the printing of Canada's dollars. I predict mournfully that no such arrangement will be made while the Prime Minister is in that position because he would not want to obey the rules set up by the IMF. That would embarrass him and would hurt his pride. And if he did not obey the rules, the IMF would overnight withdraw its credit.

Where is the Governor of the Bank of Canada today? He is an important person. Bouey his name is.

**An Hon. Senator:** James Coyne!

**Senator Walker:** I remember him well. What a mess he made of things.

Is Bouey helpless or is he scared of Trudeau? If so he should resign. What is he doing? I have not heard of him. Is he frightened to talk? The Auditor General, Mr. Macdonell, has turned out to be a person who stands up for what he thinks. He has given us the warning: "Spending is out of control." He has done his best.

I remember that in my last year in cabinet in 1962 we wrestled with a total budget of $7 billion—just think of it—$7 billion. The deficit this year alone is going to be $11 billion and some say $15 billion. In 1919 after the tremendous expenditures on the First World War, Canada had a deficit from Confederation right down to 1919—more than 60 years—of $3 billion. Today in one year we have almost quadrupled that deficit. This is going to involve a Herculean task since the deficit by next April is going to be so vast that it is going to shock everybody. Can't we get the worker to realize the plight he is in? You know, honourable senators, one cannot help but admire that fine labour premier over in England. Nobody thought anything of him at all, but he talks firmly and he speaks the truth and he makes the worker like it. He has shown that the harder the worker works, the more money the worker will eventually get and the more prosperous England will become. This is not the rule for Canada, particularly when we can tell our worker that the American who is supposed to be the spoiled boy produces far more than the Canadian. That is not pleasant to hear, but it is true.

Then we have unemployment insurance, and of all the institutions that are being bilked, that is it. How many tens of thousands of people plan their year's work so that they can quit at the proper time to receive the maximum unemployment insurance? How many tens of thousands receive unemployment insurance who are not entitled to it?

• (2150)

I am not an authority on these things and I do not intend to bore you with all sorts of figures and examples, but I do wish to say honestly, ladies and gentlemen of the Senate, that you have been tried and found not wanting. You really did a marvellous job this summer. Your record and reputation is higher than it has been in many, many years. Just think with me on this: combined with balancing the budget we must of course cut down inflation. That is so easy to do, if we would only get about to do it. So much has been said on this subject, however, that I am not going to touch it today.

Our final goal is the one my friend Senator Wagner would put first: national unity. I know it is next to his heart. But nobody knows better than he that you cannot hope to retain national unity when the economy is going into bankruptcy. But we are trying now to restore our national unity. Let us get behind whoever—whatever party is in—does a job on that.

During the Diefenbaker regime, which ended in 1963, I never remember, and I am quite frank about this, hearing any talk about separatism. That does not mean that there may not have been talk and activity, but our cabinet was never faced with that problem. It was faced with many other problems, though. It began mildly at the time of Mr. Pearson, who promised everything to the people of Quebec. He told them: "You have been downtrodden and badly treated. Tell us what you want and we will give it to you." You cannot blame them for starting to stir. There was some truth in what Mr. Pearson said, too.

Then they got along pretty well. It was not too bad. But then along came the brilliant orator, Pierre Elliott Trudeau, to

succeed Mr. Pearson. We felt at the time that he was a great Canadian who was interested in preserving Canada's unity. I told you then, and I repeat again, millions of people were delighted to see him because he was a French Canadian, and if anybody could solve the separatist problem he could. And he spoke as if he could.

But finally the people got wise—how wise they got! The by-elections show that. They found that Trudeau, rather than being the cure for separatism, had become in reality one of its principal causes, by reason of his constant—he did not intend this—his constant, angry and futile confrontations with the separatist leaders. The longer Trudeau confronted the separatists, the greater the gap became between the separatists and the rest of the country. So far as I know, no real effort has ever been made by Prime Minister Trudeau actually to sit down and work out a settlement. If there has, I should like to be told of it.

Incidentally, I love the French Canadians. Everybody who knows my past knows that. I spent four summers with them at Ste Croix de Lotbinière on the south side of the river, and I will repeat a story that they told me showing the differences of opinion that can exist:

[*Translation*]

Napoleon was speaking with his wife, Empress Josephine; she was talking too much, so Napoleon flew into a rage. "Do you know, Josephine," he asked her, "the difference between a mirror and you?" "No," she replied. "A mirror reflects without speaking, but you speak without reflecting."

[*English*]

Well, Josephine was very angry. She was very angry and she said:

[*Translation*]

"Emperor, do you know the difference between a mirror and you?" "No, I don't know." "A mirror has polish, but you do not."

[*English*]

Well, that is the way we are tonight. You see, you on your side are polished and I am not. I am attacking you, but I am attacking you with the greatest of goodwill because I am truly interested in the settlement of the French Canadian problem. As a matter of fact, I even voted for my friend Clause Wagner for the leadership of the party because in fact he was a damned good French Canadian. My leader, Mr. Diefenbaker, did also.

Now the French Canadians, I think, are beginning to pin their hopes on Claude Ryan, the Quebec Liberal leader. He is a sensible sort of person who seems to be a most reasonable man and seems to be able at least to discuss matters with the separatists without losing his temper and making them lose theirs. Mr. Biron, the Union National leader, is a good man, too.

When I tell you that I like René Lévesque, don't get mad at me! I have had a lot to do with him. He was the Minister of Public Works for Quebec in 1960 when I was Minister of Public Works in Mr. Diefenbaker's government. For 30 years the plans had been in the works to build a bridge across the Ottawa River, but the politicians could never come to grips with the problems. They could never agree. They fought one another. Well, I found Mr. Lévesque to be a most reasonable man and, at that time, a most loyal Canadian. As a matter of fact, by his co-operation and affability we reached an agreement; we went over to the Rideau Club and had some drinks and that is when he decided he would go along. We were able to work out together the plan which had been delayed for 30 years, the agreement to build this new bridge to be called, as it is in fact, the Macdonald-Cartier Bridge. The bridge was eventually opened by the Honourable George McIlraith, who succeeded me in Public Works. So the new bridge between Ottawa and Hull was completed after I had left that office.

I give that example to indicate that things can be done with the separatists, if they are approached properly. But you cannot insult them and then expect them to sit down and talk sensibly to you.

In the meantime, something or someone has soured Mr. Lévesque. But I think that, if he was properly handled, he, too, would relent in his views on Quebec. I am not so sure that his right-hand men would, however, and I worry about that.

In conclusion, let me say that Quebec cannot be expected to arrive at a settlement of its problems unless and until unemployment is greatly reduced; until inflation is contained, and until the centralizing power of Ottawa is not only stopped but is rolled back. Those are the problems. They have to be settled before there can be any settlement of Quebec's problems.

But that is true not only of Quebec but of every province of Canada.

Let me finish on this high note: I hope no one will be insulted when I say God save the Queen and God save Canada, a Canada in which Quebec plays and will play in the future its own noble part.

[*Debate continued later this day.*]

● (2200)

## POST OFFICE

### DISRUPTION IN SERVICES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, earlier this evening I promised that I would endeavour to obtain information with respect to the current situation at the Post Office, and with leave, I should like to communicate certain information.

Information has been received from the minister responsible for the Post Office that all postal workers must return to work by 12.01 a.m. Thursday. That is approximately 26 hours from now.

Safe access will be provided for all who want to return to work. Those who do not return to work will be regarded as unemployed.

[*Translation*]

**Senator Asselin:** May I ask a question or rather make a suggestion or a comment? Is the government leader saying that notice has been given by the minister or his deputy

minister to all postal workers to the effect that if they fail to return to work at the said hour, they will find themselves unemployed under the Public Service Act?

[*English*]

**Senator Perrault:** Honourable senators, my understanding is that a method has been devised to communicate that information to the workers, and they are on notice that if they fail to return by 12.01 a.m. Thursday—

**Senator Asselin:** What will happen?

**Senator Perrault:** —their jobs will no longer exist.

[*Translation*]

**Senator Asselin:** Is that not another provocation on the part of the minister so that the settlement of the postal strike would not come early and a digging-in will result because they are given notices that if they do not return to work by a certain time they will be out of a job? Does the Leader of the Government consider that those employees are often the victims of directives given by union leaders and that they themselves do not have any decision to make concerning their return to work? Is that notice given to postal employees not in fact something that will punish the employees instead of bringing about a final settlement of the issue?

[*English*]

**Senator Perrault:** Honourable senators, I did add the words "safe access," and I quote the minister:

> Safe access is being provided for all who want to return to work.

Having said that, I am sure that individual circumstances will be taken into account in order to determine the status of the workers should they not arrive on the job at the designated time.

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from earlier this day consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. Royce Frith:** Honourable senators, I should like briefly to put something on the record with reference to what might be called political history or political analysis as edited by Senator Walker this evening. The honourable senator is a lawyer, and a very good one; so he knows as a lawyer that silence is not consent. But as a politician, and he is a better lawyer than he is a politician, he and others might think that our silence could be taken as a sign of consent to the dismal analysis that he made of where our country is going, how our country stands, and of the leadership that we should be honoured and proud of having.

His comments were basically interwoven into two categories. One was that the sky is falling, and the other was a Chicken Little doomsday analysis of how terrible things are in this country. I want to go on record as saying that I do not share that view. However, without going into details regarding the difficulties, our performance in this country is something of which we should be proud, not only in terms of economic performance but also in terms of feeling, of sensitive liberal legislation—and I use the word "liberal" with both a small and capital "L".

Personally, I am proud of the accomplishments of the past 10 years and proud of the leadership that has brought them about. To put it as simply as I can, I believe that we have gone through some very tough times. By that I mean tough times not related to a period of economic depression but times that require difficult and tough decisions; and I believe that we are going to go through some more.

I agree with Senator Walker that our economic problems have not been solved and will never be solved completely, that there are tough and difficult decisions to make. I agree with him that our national unity problem is not solved and will not go away simply because people say they do not want to talk about it. The problem will still be there.

So I agree with him that in the future we are going to need very tough, very smart leadership. It is interesting that at no point did he mention his present leader as having either of those qualities. In my view, the toughest, smartest statesman in the Western World is the Prime Minister of Canada, and we are going to need him. Instead of talking about "with him" or "without him," we should be talking about making sure he stays, and not even suggesting the possibility of going into the times ahead without him.

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

**Senator Frith:** Criticism, of course, is easy. We can always find something to tear down. As I listened to my learned friend's speech—and I do not say that in a sarcastic sense, because as a lawyer he is learned and he has been a friend of mine for 25 years—I was reminded, when I heard the facility of his criticism, the personal bias of his attack, of what Brendan Behan, the playwright, said about critics. He said "Critics are like eunuchs in a harem. They see it done every night, but they can't do it themselves."

**Senator Walker:** Well, you should know.

On motion of Senator Bosa, debate adjourned.

## COMMITTEES

### FIRST REPORT OF COMMITTEE OF SELECTION, AS AMENDED, ADOPTED

The Senate proceeded to consideration of the first report of the Committee of Selection, which was presented Thursday, October 19, 1978.

**Senator Langlois:** Honorable senators, I move, seconded by the Honourable Senator Petten:

> That the report be amended by striking out the name of the Honourable Senator Greene in the list of senators nominated to serve on the Standing Joint Committee on

the Printing of Parliament, the Standing Senate Committee on Agriculture and the Special Senate Committee on Retirement Age Policies respectively.

Motion agreed to.

**Senator Petten:** Honourable senators, I move, seconded by the Honourable Senator Macdonald, that the report, as amended, be now adopted.

Motion agreed to and report, as amended, adopted.

• (2210)

## LIBRARY OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Petten** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Bélisle, Bell, Bird, Choquette, Davey, Forsey, Fournier (de Lanaudière), Fournier (Madawaska-Restigouche), Haidasz, Hicks, Inman, Phillips, Quart, Riel, Rowe, Sullivan and Walker, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Library.

Motion agreed to.

## PRINTING OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Petten** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Anderson, Bell, Bonnell, Bosa, Choquette, Eudes, Fournier (Madawaska-Restigouche), Fournier (Restigouche-Gloucester), Marshall, McGrand, Neiman, Riley, Rizzuto, Walker and Williams have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the Printing of Parliament.

Motion agreed to.

## RESTAURANT OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Petten** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable the Speaker and the Honourable Senators Bélisle, Godfrey, Inman, Norrie, Quart and Rizzuto have been appointed a committee to direct the management of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Restaurant.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Petten** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Asselin, Forsey, Godfrey, Lafond, Riley and Yuzyk have been appointed to act on behalf of the Senate as members of a joint committee of both houses on Regulations and other Statutory Instruments.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, October 25, 1978**

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

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Town of Rothesay and its administrative employees, dated October 11, 1978.

2. Canadian Red Cross Society and its Alberta Health Sciences Association group, dated October 11, 1978.

3. Huntsville District Memorial Hospital and its supervisors and head nurses, dated October 11, 1978.

4. Corporation of the Borough of Scarborough and its employees represented by the Scarborough Firefighters Association, I.A.F.F. Local 626, dated October 11, 1978.

5. The Corporation of the Town of Wallaceburg and its employees represented by the Wallaceburg Association of Firefighters I.A.F.F. Local 1119, dated October 11, 1978.

6. Wellington County Board of Education and its executive group of employees, dated October 11, 1978.

7. The Town of Rothesay and its employees represented by the Rothesay Police Association CUPE Local 1905, dated September 29, 1978.

8. Catfish Creek Conservation Authority and its full-time employees, dated September 28, 1978.

9. The Corporation of the Town of Kirkland Lake and its Public Works employees represented by CUPE Local 26, dated September 28, 1978.

10. The Corporation of the Town of Wallaceburg and its management department head employees, dated September 14, 1978.

11. Canada Safeway Limited and the employees represented by the Retail Store Employees Union, Local 832, dated September 14, 1978.

12. Sunnybrook Medical Centre and its executive group, dated September 14, 1978.

13. Richmond Villa and its staff (non-union) group, dated September 14, 1978.

14. Toronto Hydro Electric and certain groups of employees represented by the Canadian Union of Public Employees, Local 1, dated September 14, 1978.

15. Dominion Stores Limited and the employees represented by the Retail Store Employees Union, Local 832, dated September 14, 1978.

16. Retail Division of Westfair Foods Limited and the employees represented by the Retail Store Employees Union, Local 832, dated September 12, 1978.

17. Tremblay Express Ltd. and its employees represented by the International Union of Teamsters, Local 106, dated September 12, 1978.

18. Swan River Valley Hospital and its executive group, dated September 5, 1978.

19. School District No. 86 (Creston-Kaslo) and its executive group, dated September 5, 1978.

20. Antler River School Division No. 43 and its administration employees, dated September 5, 1978.

21. Anson General Hospital and its executive group, dated August 24, 1978.

22. Blue Water Rest Home and its hourly paid full time staff members represented by the Service Employees Union, Local 210, dated August 11, 1978.

23. The Flin Flon School Division No. 46 and its clerical employees represented by the U.S.W.A. Local 7975, dated August 11, 1978.

24. Clarke Transportation Canada Ltd. and its employees represented by the Canadian Brotherhood of Railway, Transport and General Workers, dated August 11, 1978.

25. The Town of Sturgeon Falls Police Commission and its employees, the Chief of Police, dated August 1, 1978.

26. The Town of Sturgeon Falls and its employees represented by the Sturgeon Falls Police Association, dated August 1, 1978.

27. Treasury Board of Canada and its economics, sociology and statistics group, dated July 18, 1978.

28. Teleglobe Canada and its non-unionized employees, the technical and professional group, dated July 17, 1978.

29. Teleglobe Canada and its non-unionized employees, the management group, dated July 17, 1978.

30. H. Y. Louie Co. Limited and its employees represented by the Miscellaneous Workers Wholesale and Retail Delivery Drivers and Helpers (Teamsters) Local 351, dated July 13, 1978.

31. Bell Canada and the executive secretaries employees, dated July 11, 1978.

32. The Town of Petrolia Board of Commissioners of Police and its employees represented by the Petrolia Police Association, dated June 28, 1978.

33. Tele-Direct Ltd. and the clerical and associated employees, represented by Canadian Telephone Employees Association, dated June 28, 1978.

34. Flin Flon School Division No. 46 and its custodial employees represented by the U.S.W.A. Local 7975, dated June 28, 1978.

35. The executive group employed by the Corporation of the Town of Prescott, dated June 1, 1978.

36. Laiterie Leclerc Inc. and its Granby, Quebec employees represented by le Syndicat national des produits laitiers Granby (CSD), dated June 1, 1978.

37. The City of Dartmouth and its employees represented by the Dartmouth Firefighters Association I.A.F.F. Local 1398, dated June 1, 1978.

38. Northern Telecom Ltd. and its employees represented by the Northern Electric London Professional Association, dated May 31, 1978.

39. Domglas Limited and its Hamilton plant employees represented by the United Glass and Ceramic Workers, Local 203, dated May 30, 1978.

40. Domglas Limited and its Point St. Charles plant employees represented by the United Glass and Ceramic Workers, Local 206, dated May 30, 1978.

Copies of Report of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act respecting profit margin of Sanitary Refuse Collectors Inc., dated July 21, 1978.

Report to Parliament on Immigration Levels, pursuant to section 7 of the Immigration Act, 1976, Chapter 52, Statutes of Canada, 1976-77.

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1978, pursuant to section 15 of the Queen Elizabeth II Canadian Research Fund Act, Chapter Q-1, R.S.C., 1970.

[Senator Perrault.]

## STANDING COMMITTEES

### SECOND REPORT OF COMMITTEE OF SELECTION PRESENTED AND ADOPTED

**Senator Petten** presented the second report of the Committee of Selection:

Tuesday, October 24, 1978

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its second report as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on the Special Committee of the Senate on the Northern Pipeline, namely, the Honourable Senators Adams, Austin, Beaubien, Bonnell, Cottreau, Flynn, Frith, Hastings, Hays, Lang, Langlois, Lucier, Manning, Olson, Perrault, Riley, Rowe, Smith (*Colchester*), Steuart, van Roggen, Williams and Yuzyk. (22)

Respectfully submitted,

William J. Petten
*Chairman*

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

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## BANKING LEGISLATION

### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move, seconded by Senator Laird.

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-57, intituled "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend the other Acts in consequence thereof," of the Third Session of the Thirtieth Parliament, or any matter relating thereto; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

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

**Hon. Senators:** Agreed.

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

**Senator Grosart:** Honourable senators, I should like to make a comment on this motion as this is the first occasion in this session on which we are applying once again the now famous Hayden formula to our proceedings. We all agree that the use of this innovative formula devised by Senator Hayden two or three years ago has greatly added to the accomplishments and, therefore, the prestige of the Senate.

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

**Senator Grosart:** In discussions that took place during the past few months the Senate has been under intense scrutiny, and I am glad to say that the Senate has come out of that rather well. One of the components of that has been the work of Senate committees using the Hayden formula. The motion before us now goes a bit further than earlier motions under this formula in that it overcomes what I would call one of the "sillinesses" of our system whereby bills still in the mill at the end of a session automatically die. I believe there are discussions now under way to get rid of that silliness, which would allow the work of committees to carry on. This would mean that bills still under consideration at the end of a session would be reinstated at the same stage in the ensuing session and not have to go through the whole legislative process again starting with first reading.

The motion before us deals with this situation. It asks us to approve a reference to the Banking, Trade and Commerce Committee of the Senate of the subject matter of a bill that is now dead, that bill being C-57 of the last session of the Thirtieth Parliament. What we are doing under this motion is saying that Bill C-57 of the last session, for all intents and purposes, and for the sensible carrying on of the business of Parliament, is still alive to the extent that it has been presented and discussed in the other place and has been the subject of a number of sessions of our committee. The committee, again using the Hayden formula, held four information sessions before calling witnesses, and the committee is now ready, again way ahead of the committee of the other place, to immediately call important witnesses on this measure.

This is something of which the Senate can be proud. We should compliment Senator Hayden on the fact that he is always on the ball and has us ready to go to work on one of the most important pieces of legislation before Parliament at the present time. The Senate is ready to go to work thanks to the initiative of that committee and its chairman.

Motion agreed to.

### COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Senator Hayden:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move, seconded by Senator Laird:

> That the Standing Senate Committee on Banking, Trade and Commerce be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Thursday, October 26, 1978, at 10 a.m.

Motion agreed to.

### SPECIAL SENATE COMMITTEE ON RETIREMENT AGE POLICIES—COMMITTEE MEETINGS

**Senator Croll:** Honourable senators, in view of the fact that the Senate will meet at 10 o'clock tomorrow morning, the scheduled meeting of the Retirement Age Policies Committee for that time will be cancelled. When the Senate adjourns this afternoon, the committee will hold an organization meeting in room 256-S.

• (1410)

## CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

### HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Bonnell:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move, seconded by Senator McNamara:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;
>
> That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry;
>
> That the papers and evidence received and taken on the subject in the two preceding sessions be referred to the committee; and
>
> That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

## POST OFFICE

### DISRUPTION OF SERVICE—QUESTIONS

**Senator Grosart:** Honourable senators, I wonder if I might ask the Leader of the Government if he has anything to add to

the information he gave to the Senate last night on the status of the dispute between the government and one of the postal workers' unions?

**Senator Perrault:** Honourable senators, I have no further information to add, apart from the fact that as of 12.01 tomorrow morning, employees who have not returned to work could be considered to be unemployed. That does not mean that at that time automatically it will be concluded that all those on strike have abandoned their jobs, but the Post Office will be in a legal and technical position to so declare.

**Senator Denis:** May I ask what is being done about those employees who want to work but cannot get in to work? Is there any protection for them?

Secondly, those who normally start to work at 4 o'clock in the afternoon would not normally be there at 12.01. I know that some employees tried to get in to work in the Montreal Post Office but they could not do so. So how can they prove they want to work? They are really afraid not only of losing their jobs but also of being fined $100 a day.

**Senator Perrault:** The question posed by the honourable senator is a very legitimate one. As I say, the Post Office will be in a technical position to declare that certain of its employees are no longer employees of the Post Office, but local circumstances will be taken into consideration. The minister responsible for the Post Office has said that safe passage will be provided where possible for the employees to get to their work sites. Of course, employees whose shifts would normally begin after 12 midnight will not be expected to report at 12.01. The Post Office, above all, would like to resolve the situation without any dislocation of the work careers of any of its employees. Every effort and initiative are being undertaken to resolve this dispute with the minimum of difficulty and economic dislocation for the employees and the people of Canada. Above all, the elements of reason and common sense are going to be the key factors in the process.

**Senator Denis:** Do I understand that at the present time there is no kind of protection around the post offices for those who want to get in to work?

**Senator Perrault:** The honourable minister responsible for the Post Office has stated that safe passage is guaranteed for employees who want to work. How that commitment is working out, in fact, at individual post offices, I am not in a position to say. However, again I hope to have an updated report before we rise this afternoon.

### DECERTIFICATION OF UNION AS BARGAINING AGENT—QUESTION

**Senator Manning:** Honourable senators, may I ask the Leader of the Government if the government has taken any position or action in the matter of decertifying the postal union involved? It seems almost inconceivable that the government could continue to recognize as the legitimate bargaining agent a union that is in open contempt of both Parliament and the courts of the country.

Has that aspect been considered?

[Senator Grosart.]

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

**Senator Perrault:** Honourable senators, an inquiry will go forward on that point. At the present time I do not have information concerning that particular suggestion.

## GREAT LAKES SHIPPING

### EFFECT OF SHIPPING CONTINUATION ACT—QUESTION

**Senator Olson:** Honourable senator, I should like to ask the Leader of the Government whether there has been a resumption of shipping on the Great Lakes as a result of the legislation passed several hours ago.

**Senator Perrault:** Honourable senators, the best advice I have received is that shipping has resumed and that the situation is satisfactory and that matters are back to normal.

## ENERGY

### GOVERNMENT PRICE AGREEMENT WITH ALBERTA RESPECTING CRUDE OIL—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 18 Senator Olson asked the following question:

> Honourable senators, I should like to ask the Leader of the Government if the government considers the agreement it made with Alberta respecting the dates for changing the price of crude oil to be a firm commitment, or does the government feel this is still negotiable.

The current understanding between the federal and Alberta governments respecting the level of crude oil prices takes the form of an exchange of letters in June, 1977, between the respective Ministers of Energy. They set out the conditions under which crude oil price increases may take place. There is some doubt as to whether the specified conditions will permit an increase in Canadian crude oil prices at January 1, 1979. In view of this, but also and more particularly having regard to our difficult national economic situation, the federal government in August last proposed that there should be a pause in the upward movement of oil and, therefore, gas prices. I should like to stress that this federal initiative has always been characterized as a proposal. I understand that it is currently under discussion with ministers of the producing provinces.

**Senator Olson:** I should like to ask a supplementary question. I do not expect the leader to have the information with him, but he can take the question as notice. I believe he made reference to the matter being left as negotiable, and I would ask if it is not fair to say that some people in the Government of Alberta regarded the matter as an agreement or firm commitment? Could the Leader of the Government, either some time tomorrow or next week, advise the house which parts of it he thinks are merely an understanding requiring further negotiations?

**Senator Perrault:** Honourable senators, I will take that question as notice.

## POST OFFICE

### DISRUPTION OF SERVICE—TERMS OF REFERENCE OF MEDIATOR—QUESTION

**Senator Deschatelets:** Honourable senators, when the Leader of the Government makes his report on the postal strike, could he tell us whether the mediator is already at work? There were reports in the news media yesterday that the mediator had been complaining that he had not so far received any terms of reference covering his mediation?

• (1420)

**Senator Perrault:** Honourable senators, that question will be answered as soon as possible.

### DISRUPTION OF SERVICE—COMMUNIST INVOLVEMENT—QUESTION

**Senator Walker:** Honourable senators, would the Leader of the Government inform us whether he has yet ascertained if behind this strike, particularly at the top, there is communist involvement, because there seems to be an effort toward creating chaos and anarchy in connection with this dispute. There has been no success so far in resolving it. My honourable friend, the Leader of the Government, has said that he would take this or that question as notice, and he is doing a very good job in that regard; but time is passing and the strike continues. The union is so adamant in refusing to negotiate that one begins to wonder whether or not there is an effort being made toward creating anarchy.

**Senator Perrault:** Honourable senators, that information has not yet been received. An inquiry has gone forward and I shall provide further information as soon as it is available.

## ADMINISTRATION OF JUSTICE

### McDONALD ROYAL COMMISSION—QUESTION

**Senator Grosart:** Honourable senators, further to the question raised by Senator Asselin at the sitting of the Senate last evening, I wonder if the Leader of the Government is now in a position to inform the Senate whether it is the intention of the government to present a statement to the Senate on the allegation, if that is what it was, of a former commissioner of the Royal Canadian Mounted Police that there was presumed, if not explicit, approval given by successive former solicitors general to illegal activities entered into by that distinguished force.

**Senator Perrault:** Honourable senators, I have no further information available to enable me to make a statement at this time.

[*Translation*]

**Senator Asselin:** Honourable senators, I have a supplementary. Would the Leader of the Government indicate whether he has discussed the matter with his colleague, Senator McIlraith, and whether in the circumstances Senator McIlraith intends to testify before the McDonald Commission, either to confirm or refute Commissioner Higgitt's statement?

[*English*]

**Senator Perrault:** Honourable senators, no meetings have yet been held to discuss this matter.

## POST OFFICE

### DISRUPTION IN SERVICE—APPOINTMENT OF MEDIATOR—QUESTION

**Senator Walker:** Honourable senators, has the government considered, in the appointment of a mediator, the name of the former member of the Senate, the Honourable Alan Aylesworth Macnaughton, who has been notable as a mediator all his life? He is a man who does not ruffle any feathers, yet can be extremely firm and intelligent.

May I ask the Leader of the Government if he will at least suggest his name as one who in a crisis such as this might be of considerable assistance to the government and to the cause.

**Senator Perrault:** Honourable senators, the honourable senator's proposal will be taken into consideration.

## INCOME TAX CONVENTIONS BILL

### SECOND READING

**Hon. Royce Frith** moved the second reading of Bill S-2, to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax.

He said: Honourable senators will have noticed that Bill S-2, a bill originating in the Senate, was formerly Bill S-9. I propose to make only two points in support of the motion. I should be able to deal with each of them in one sentence.

First of all, I would like to recall to honourable senators the objectives of the bill. This is a bill to implement tax treaties for the avoidance of double taxation with Malaysia, Spain, Liberia, Austria and Italy. Those treaties were signed, with regard to Malaysia, in Ottawa on October 15, 1976; with regard to Spain, in Ottawa on November 23, 1976; with regard to Liberia, in Ottawa on November 30, 1976; with regard to Austria, in Vienna on December 9, 1976; and with regard to Italy, in Toronto on November 17, 1977.

This bill is an exact copy of former Bill S-9. No changes have been made. Bill S-9 was approved by the Senate in standing committee on March 2, 1978, and received third reading on March 17, 1978. The reason we are asked to deal with this legislation again is that the other place had not dealt with it by the end of the last session.

Honourable senators, I respectfully suggest that, in the light of that background, second reading be given to this bill today, and that third reading be scheduled for the next sitting of the Senate.

**Senator Grosart:** Honourable senators, as the sponsor, Senator Frith, has said, we discussed this bill both in committee and in the chamber on both second and third readings, and it was passed by the Senate in the identical form in which it is

now presented. I therefore see no reason why it should go again to committee, and I have no objection to any decision the Senate may make to give it second reading today.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** When shall this bill be read a third time?

**Senator Frith** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## THE CONSTITUTION

### CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Leave having been given to proceed to Order No. 6:

The Senate proceeded to consideration of the first report of the Special Senate Committee on the Constitution, tabled in the Senate on Thursday, October 19, 1978.

• (1430)

**Hon. Richard J. Stanbury:** Honourable senators, I want to express my appreciation to those who have delayed their speeches in the Throne Speech debate to allow me to make the first presentation with respect to the first report of the Special Committee of the Senate on the Constitution of Canada. I feel it is important that we have the beginning of this debate as quickly as possible because of the other events which are going to be taking place rather quickly—the First Ministers' Conference; the report of the Pepin-Robarts Commission; and so on. I would like to be sure that we have from the Senate an input into the discussions which are going forward.

My first words, however, must be by way of tribute to my late friend and colleague, Joe Greene. I want to associate myself with the eloquent tributes which were paid to him last night by the Leader of the Government, the Acting Leader of the Opposition, and Senators Croll, Marchand, Graham, Frith, and Walker. I wish only to add that Senator Greene attended almost all the meetings of the Special Committee of the Senate on the Constitution of Canada during the summer. His contribution was always made with perception, erudition, common sense and wit. By his participation, he made our hearings more interesting, knowledgeable and constructive.

Madam Speaker, while I am not speaking in the Throne Speech debate, I do want to take the opportunity of adding to those you have already heard my own expression of gratitude and congratulations for the never-failing courtesy and sensitivity with which you grace your office.

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

**Senator Stanbury:** Your example is usually, but not always, followed in this chamber.

Honourable senators, since early summer a number of your colleagues have worked together on the study of Bill C-60 of the Third Session of the Thirtieth Parliament, a bill making extensive proposals concerning the Constitution of Canada. Last Thursday your committee tabled its first report. It was printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of that day. It is not my intention to review the report. You will do so at your own convenience.



However, I should like to make some remarks about the whole process of constitutional reform in which we are now engaged. We already have a great Constitution. I am liberal and I believe in reform. I am not a revolutionary, and I do not believe in turning everything topsy-turvy unless there is a clear advantage in doing so. When we find our Constitution wanting in some respect, we must take care in diagnosing the weakness and then take equal care in ensuring that the curative prescription is exactly of the right quality and administered in the right quantity.

All government and private bodies who have advanced proposals for constitutional reform have prescribed cures which are at least as likely to kill the patient as to cure him. They have taken too little care in their diagnosis of our weaknesses and have not considered the side effects their cures would have on the general workability of our parliamentary system.

The Constitution is, of course, only a tool to establish the basic rules by which we live together as Canadians. It defines jurisdiction and power, but only goodwill can ensure their reasonable exercise. It establishes institutions, but it cannot people them with wise and responsible incumbents. It lays down rights and duties, but it is the character and morality of the nation that will protect the individual.

A constitution should inspire those qualities in the population it is intended to guide. The British North America Act made no attempt to do so. It was, therefore, with great expectation that we looked at the preamble and statement of aims of Bill C-60. We were disappointed. The sentiments were there but the inspiration was missing. The prose will not lift the hearts and minds of the young who learn it. It will not challenge to excellence or compassion those who administer it.

The government has said many times that it intended only to codify the present role of the monarch, the Governor General, and the executive. Therefore, there should have been no controversy. However either naively or with intent, the draftsmen wrote in some important changes. The committee has limited itself to suggesting how the government's intention can be carried out.

In my opinion, we do need to strengthen the position of the Canadian Governor General. It is clear that the Queen is not going to exercise the royal powers in the event of a crisis in Canada. If she did, it would probably be the end of the monarchy. It is the Governor General who will have to act should a crisis arise, and he must have the power and prestige to do so. To give him that status we need not denigrate the present position of the Queen one iota. That is what I mean by a careful diagnosis of need, and an equally careful prescription of remedy.

There are those who say that the Supreme Court of Canada has some inadequacies. The committee found that they are

almost all perceived rather than real. But that makes it no less important to deal with them. The appointment process already involves extensive consultation with the profession and the provinces, but consultation with the provinces should be more visible, so the structure and method of manning the court should be constitutionalized. But surely the attorneys-general are at least as competent and as visible, and as regionally oriented, as the second chamber for screening the character, philosophy and general suitability of those considered for appointment.

The fact that we have two different systems of private law does create some apparent problems for the court, but careful research shows that they also are apparent rather than real. So let us constitutionalize the present practice of the court in assigning judges to cases of mixed law. There is no point in changing the court and the system. Let us just make the fairness which now exists more visible, because that is the remedy which fits the ailment. The recent complaints of Saskatchewan are a case in point. The court simply interpreted the law. What Saskatchewan really has to seek is a negotiated change in the division of government powers and jurisdiction, not a change in the court.

The constitutionalizing of a charter of rights and freedoms is a good idea. Canadians do not now have consistent rights in every part of the country. If we can agree on a charter—and that will not be easy—and get it entrenched, it will allow Canadians to move back and forth across their country with greater assurance and certainty as to their rights. A wise prescription, with which the committee agrees.

The proposals we have seen so far for a reformed second chamber have all called for the replacement of the present Senate. The proponents are clearly saying that the Senate is not doing what is required of it, and that it is incapable of reform in a way that permits it to do so. If I were persuaded that that judgment of the present Senate is correct I would not want to remain a member of it. I am not so persuaded. I have the highest regard for individual senators, and for the work that is done by the chamber as a whole. That does not mean I think we are perfect individually or as a body. It may even be that, after careful diagnosis of our weaknesses, we will come to the conclusion that the method of election or appointment is so crucial to the future success of the Senate that a completely new structure is needed.

After ten years of observation, I think I understand why so many academics, columnists and politicians of other places have found the Senate to be such fair game for criticism, but I have never had the feeling that any of them has spoken with real knowledge of the Senate or understanding of its function. They have not taken care in their diagnosis, nor in their prescription for a cure.

There are several reasons for their criticism. The first is the process by which we are appointed. It may well be that the only full answer to that criticism would be direct election of the Senate. I confess that I was a little embarrassed when I was discussing Spain's proposed new constitution with Spanish parliamentarians in Madrid. They explained, with some regret, that they have not been able to get agreement on a completely democratic state. A proportion of their Senate is still to be appointed rather than elected. They asked me how we Canadian senators were elected. I tried, without much success, to explain why the Senate, in a federal parliamentary democracy as opposed to a unitary republican state, should be appointed. Thereafter, however, I sensed a certain loss of interest in my proffered advice on the structuring of a democratic state.

● (1440)

Our committee has pointed out that a reform of the Senate which would involve direct election could only be carried out with the concurrence of the House of Commons, and it was our feeling that that was unlikely to be forthcoming. However, that idea should not be abandoned if it commends itself to us as the most likely way to make real improvements.

If we cannot have an elected chamber, which in itself would have shortcomings—as is evident from the weaknesses of the House of Commons—then what kind of appointment selection process will give the Senate more credibility, enough credibility to allow it to gain the respect of the Canadian people as an effective parliamentary body carrying out the functions assigned to it?

So far all of the proposals focus on appointments by or on the nomination of provincial governments or parties. The reason is that everyone is searching for some way of ameliorating our interprovincial, interregional and federal-provincial problems. I hate to be the one to tell the Canadian people this, but provincial appointments to the Senate are not going to solve those problems. If the right formula is found, they may help, but too much is being expected of that simple expedient. Even after there has been a happy re-arrangement of the powers and jurisdictions of the governments, there will continue to be tensions between strong politicians elected at different levels. It is natural, and perhaps even creative, for them to play to their own audiences, each demanding of the other more than they know the other can give; and each demanding of the federal authority, for their constituents, some concession they know to be impossible in the overall national interest. But they are certainly not going to delegate that process to a second chamber, and no second chamber, no matter how constructed, can play more than a supporting role in easing those tensions.

Even if the Senate were to be completely appointed by the provinces, there would be provincial governments who would be winners and losers on each issue. And the losers would always say, "Why should we listen to them? We're elected. They are appointed by all those other provinces who don't understand us or our problems." Because, indeed, where any one region or province stands alone in its crisis, it will still be dependent on the tolerance and understanding of the others and on their willingness to negotiate a fair settlement. A reformed Senate may well be able to be of greater help in dealing with these serious concerns, but it will never be able to solve them.

The manner of choosing the members of the second chamber is of vital importance to its future credibility. The present method has been found wanting although, in fact, it has

produced many excellent senators. There are all sorts of reforms which might be suggested. A number have been proposed by provinces and professional bodies. Other countries have struggled with this problem in their own context. While their solutions may not be directly applicable to us, a study of them and the context in which they are required to perform may help us considerably. Our committee intends to proceed with a study of the proposals made and the experiences of others.

Another criticism with some legitimacy is that we have too much power and, having no popular political base, we are unable to exercise what we have. Our committee will try to assess what kind of power a second chamber needs in order to carry out its functions, and what methods it can use to draw public attention to the reasons for its actions.

There is concern that some senators are not sufficiently active in the work of the Senate. The blame for that is usually put on the lifelong term of our appointments and the resulting lack of accountability. The alternatives proposed would cost the second chamber its stability and its independence from party discipline. Perhaps we can find a way of building in a reasonable balance between stability and accountability, while encouraging a greater participation by the members in the kind of serious and constructive work in which the Senate is now engaged.

A parliamentary second chamber is expected to perform certain functions even in a unitary state. Acting as a regional forum is an extra function which is given to the second chamber in federal states. All of the attention has been on that function. But is the present Senate adequately performing its other functions of legislative review, investigation of larger national issues, acting as a check on the executive and bureaucracy, and supplementing the work of the Commons?

Our committee will look at whether those are the proper functions of a second chamber in a federal parliamentary democracy, whether there are additional functions which would be useful, and, whatever the function, whether the performance can be improved by changes in structure or practice.

There is one other area I would like us to explore. I believe that the Senate, as presently composed, will continue to exist for some time while the debate on constitutional reform goes forward. I see no reason why we should not, in the meantime, do everything we can to improve our performance on behalf of the Canadian people. Even this chamber, as presently composed, could institute some reforms which would make us more effective. I would suggest some internal reforms we might consider.

When senators reach the state of health where they are no longer able to be active in the work of the Senate, perhaps the same provisions should apply to them as are now in effect with respect to judges in a similar position. We could initiate legislation to so provide.

[Senator Stanbury.]

Should there be available to senators provisions similar to those available to judges, who decide to accept supernumerary status? We could initiate legislation to that effect.

We could initiate legislation to lower the retirement age of future senators.

We could, by resolution of the Senate, recommend to the Prime Minister that in future he should make appointments to the Senate, taking serious note of the need to maintain an effective working opposition in the Senate and of the desire of provincial premiers to have a greater influence on those appointments.

By our actions, we could show that the Senate intends to take its own responsibility forthrightly and visibly. When we feel that amendments to legislation are justified, perhaps we should make the amendments and then settle their terms by conference with the appropriate committee of the House of Commons. Our present method of making suggestions for amendments may have contributed to the public's puzzlement as to what the Senate does.

When we see real problems with a bill, and are unable to resolve our differences with the House of Commons, we could consider the possibility of rejecting the legislation on terms which would be the equivalent of a suspensive veto. We need not use all the power we have. We could use it only insofar as we need to use it to accomplish the purpose we seek on behalf of the people of Canada.

How can we improve our ability to act as a regional forum? We already have done a great deal which obviously has not been recognized. Our late great colleague, Senator Hervé Michaud, led our study of maritime rural problems. Senator Argue's committee has been very effective in the study of the beef and grain industries, and of the agricultural problems of the Indians in British Columbia. Senator Olson leads the work on the northern pipeline. We completely revamped the Maritime Code and we made a special study of the trade opportunities of the Pacific Rim.

One cannot attend the meetings of any Senate committee without realizing the extent to which senators express their concerns about, and insist on rectifying, situations where they see a negative impact of federal legislation on regional interests.

But that is obviously not enough. Perhaps we should consider establishing a new standing committee of the Senate—the Senate Standing Committee on the Regional Impact of Federal Legislation. Such a committee could examine legislation, maintain liaison with provincial legislatures, call witnesses, make recommendations, propose amendments and even initiate legislation where it determined that such actions were necessary to give voice to regional concerns.

● (1450)

None of these proposals requires any constitutional reform. Some require legislation, but such legislation, initiated by us, would be difficult for a government seeking reform to refuse. Most of them would require only a determination on our part to react to the present atmosphere of reform in the best way

we can while we pursue, through our Special Committee on the Constitution, the more far-reaching answers concerning structural reforms.

May I take this opportunity of expressing the thanks of our committee to our legal counsel, Mr. Robert Cowling, to the Law Clerk of the Senate, Mr. Ray du Plessis, to the Committees Branch, the parliamentary library research team, my own secretary, Miss Anne Johnston, and to the witnesses who so generously gave their time and advice as concerned Canadians.

May I also thank my deputy chairman, the Honourable Leader of the Opposition, and other members of the committee and interested senators for their confidence and support.

On motion of Senator Macdonald, for Senator Flynn, debate adjourned.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. Peter Bosa:** Honourable senators, I welcome the opportunity to take part in this debate and to share with you some of my views on the issues that face the Canadian people at this time, but before doing so I would like to associate myself with those senators who have expressed their sincere condolences to the family of the late Senator Joe Greene.

I first met Joe Greene in 1963 when he was a backbencher and I recall that the government would often call on him to talk out a private member's bill because of his eloquence as an orator. He also had a good sense of humour. I recall one day translating his name into Italian, Giuseppe Verdi, and he liked that very much and used it on many occasion. I, too, extend my sympathy and condolences to his family.

First, I congratulate Senator Rizzuto and Senator Bird, the mover and seconder of the motion for an Address in reply to the Speech from the Throne. It is a distinct honour to have the privilege of opening the debate on such an important occasion. Senator Rizzuto is not only the first non-English, non-French Canadian to present such a motion, but he also has the distinction of being the first Italian-born Canadian to be appointed to the Senate.

I would also like to join the senators who have preceded me in their acknowledgement of the great contribution that our Speaker has made to this chamber, and the goodwill she has created in the process of receiving visiting dignitaries from other lands and through her travels on behalf of Canada. Her Honour discharges her responsibilities with dignified charm and in a manner which has endeared her not only to the members of the Senate but also to all those who come in contact with her.

In the Speech from the Throne, the government has set out the priorities to which it intends to address itself in the ensuing months. There are many areas covered by the Speech from the Throne on which one could speak at length, but I shall confine myself to two, namely, constitutional reform, as it pertains to the House of the Federation, and national unity.

I was pleased to serve on the special committee of the Senate which was established for the purpose of studying the proposed constitutional amendments contained in Bill C-60. It was, for me, an enriching experience to have the privilege of assisting and participating in the discussions which led to the finalization of the report tabled by our chairman, Senator Stanbury, in this chamber last Thursday evening. I benefited immensely from the views expressed in the course of the debate by so many learned and experienced senators, and from the testimony of the expert witnesses who appeared before the committee.

Because of time constraints, the report which the committee tabled does not go beyond consideration of the proposed amendments contained in Bill C-60, but the committee intends to do so in the months to come. However, the report does set out the basic principles which must be taken into account in the structure and function of a second chamber.

It is not my intention to repeat the contents of the report, but rather to expand upon them. In order to do so, I should like to enunciate the basic functions of the Senate. They are (*a*) the articulation of the interests of the regions and minority groups; (*b*) the revision and introduction of legislation; and (*c*) the investigative role, which this chamber has undertaken in several crucial areas in the past.

I have, honourable senators, come to the conclusion that the Senate should be an elected body. Appointment to membership might have been satisfactory in 1867, but it is definitely out of step with the principles of democracy in 1978. The provinces believe that the Senate does not articulate the interests of the regions, and in their proposals for reform they have addressed themselves almost exclusively to this function of the Senate. Some provinces, such as British Columbia, have advanced specific proposals, but these proposals do not appear to be endorsed by the other provinces. One of the criticisms of the Senate is the appointment practice. British Columbia's proposal does not change this practice; it merely transfers the prerogative of appointment from the federal to the provincial government.

Bill C-60 is a compromise between what the provinces would like to have and the extent to which the federal government is prepared to go to meet what the provinces want. In doing so, the government has proposed changing the name of the Senate to "the House of the Federation," and it proposes that 50 per cent of the members of the House of the Federation be selected by the provincial legislatures and 50 per cent by the House of Commons on a proportional basis. Thus, Bill C-60 introduces a new element in Canadian politics, proportional representation.

In theory, proportional representation is the most equitable way in which to allocate seats in any chamber in a country where there is an homogenous society, but in practice, for Canada, it could have unfortunate consequences. I believe that

having introduced proportional representation in the upper chamber, there would be pressure to extend the same principle to the House of Commons. Taking into consideration the vastness of our country, the regional differences and the ethnic diversity of our people, I foresee the possibility of the eventual proliferation of political parties that would lead to excessive fragmentation and, possibly, chronic minority governments. One might look to the Italian political situation for a comparison—in Italy there are some 15 political parties—and to get a glimpse of the endless negotiations involved in forming a coalition government of significant duration.

● (1500)

Just think how tempting it would be to have one's own member of Parliament articulate one's views on behalf of a special interest group. Would proportional representation give rise to regional parties which would be devoid of a national perspective? Would political parties emerge with an ethnic membership? Would proportional representation weaken national parties which are already handicapped by only token representation in certain regions? Of course, these are hypothetical questions, but there is an inherent danger for Canada in proportional representation at a time when we are still struggling with basic unity issues.

There is, honourable senators, under our present political system, ample opportunity for political parties, whose prime objective is to keep Canada united and strong, to articulate and formulate policies which take into account the various needs and aspirations of Canadians. The sudden and intense debate on Senate reform, accompanied by different proposals for such reform, has created the impression that the Senate is the main stumbling block to regional harmony. Furthermore, expectations have been created which may never be realized and which are likely to affect other institutions. The Senate report makes eloquent reference to this fact. Canadians are, I believe, small "c" conservatives. They prefer to proceed cautiously with changes to institutions and, generally, to adopt changes which have proved workable in the past.

What changes need to be made at this time, as a start, to ensure valid articulation of regional interests in the upper chamber? Would the establishment of periodic open conferences between members of the Senate from one region and representatives of the provincial legislatures of the same region ensure greater understanding of regional concerns? Would such a forum accomplish this goal? Would senators advocate regional interests, and would they be perceived to do so in their respective regions? Would this lead to the eventual replacement of the present undemocratic practice of federal-provincial conferences, where decisions are made in secret behind closed doors? Would an elected Senate be the only way in which the institution would be regarded as being truly representative?

Some Canadians believe that an elected Senate could claim equal status with the House of Commons, which might put the two houses in an adversary position, both claiming to speak for Canada. Others say that if senators were to concern themselves with re-election they would not likely develop the expertise which is so vital to the revision of legislation. Would it not be possible to overcome the first concern by establishing terms of reference delineating the areas of jurisdiction of both houses, similar to those of the Bundesrat?



Can the second concern be overcome by election to office for a specific number of years—six, as in the United States Senate, or longer, with one-third of the membership being re-elected every two years to ensure continuity?

I have put forth these views on an elected Senate in the hope that they will generate debate, and so allow Canadians to have a proper perspective of the structure of the second chamber. It is not, however, necessary to await overall constitutional reform to effect changes to our institutions, such as some proposed in the 1972 report of the Special Joint Committee of the Senate and the House of Commons on the Constitution. I am confident that, as was pointed out by Senator Stanbury, the Special Senate Committee on the Constitution will address itself to this and other matters in the months to come.

On the subject of national unity, I read an editorial in the Toronto *Star* of October 21, 1978, entitled "Ominous trends for Canada." Reading that editorial sent chills down my spine. It makes reference to the reception in Edmonton accorded Claude Ryan, the leader of the main opposition within Quebec to the separatist movement, for making a few opening remarks in French to express the linguistic duality of Canada's people. By contrast, the editorial went on to describe the standing ovation feminist Laura Sabia received from Toronto's Empire Club of Canada for demanding an end to "appeasement" of Quebec.

While luncheon and dinner audiences are not really representative of public opinion, it seems to me that during the last six months there has been a prevalence of negative news reaching the eyes and ears of English-speaking Canadians about French Canada. This period is reminiscent of the summer of 1976 when there was a pilot's strike over bilingualism in the skies. I do not recall ever reading so many venomous anti-French letters to the editor as I did at that time. It was disheartening. Not until November 15 of the same year did the mood in English Canada change.

For the first time in our generation Canadians came face to face with the serious consequences of the issue of national unity when Quebecers gave an overwhelming mandate to René Lévesque, an avowed separatist. Following that period, the negative voices receded and the majority of Canadians then came forward voicing a conciliatory disposition toward French Canadians. Quebecers perceived this feeling of understanding, a feeling which manifested itself in the polls taken later in Quebec showing remarkably little support for separation. This news allayed the concerns of Canadians about national unity, after which Canadians turned their attention to the economy.

It was last spring, at a Blue Jays game, that baseball fans booed the singing of the French version of *O Canada*, and that seemed to bring us back to the mood of the summer of 1976.

Is our understanding of national unity so superficial that we need to be constantly on the verge of breaking up in order to

realize that our problem is a complex one, and one that requires more than just sporadic understanding? In the light of the Edmonton and Toronto incidents, are Quebec separatists telling their people that English Canada will not accept any confederation arrangements in which the majority does not continue to dominate the French minority in all matters of national importance—economic, political and social? Will Quebecers see no future in English Canada? Will they turn to the separatists for the fulfilment of their cultural aspirations and feelings of equality?

Ms. Sabia decried "hyphenated" Canadians. Are we taking such a mere, simplified view of Canadian society that the elimination of the word "hyphenated" would remove all ethnic differences? Does it mean that with a magic stroke of the pen there would no longer be native Canadians; that there would no longer be Canadians of Greek, Italian or Polish origin? Would the 4,500,000 Canadians who speak only French be happy to enroll in night school to learn English so that they could feel that they are Canadians? Would we all be one happy family?

The elimination of the word "hyphenated" would have the effect of putting all these different ethnic ingredients into a grinder from which instant look-alike, unhyphenated Canadians would exit on the other side? Is this the kind of bland society we want?

Laura Sabia is reported to have said that her first language is French. I am surprised she did not also say that she speaks some Italian, the language of her ancestors. I hope she is not embarrassed to admit that. The likes of Ms. Sabia do not believe in a pluralistic or multicultural society, where a person is accepted for what he or she is, not for what others would like him or her to be. After the French, I wonder which minority group is next.

● (1510)

After 5,000 years of written history mankind has not been able to overcome the basic instincts which drive him to distrust and destroy that which is different. We still live in a world plagued with racial and religious strife. Just take a look at the trouble spots of the world. We have an opportunity in Canada to rise above racial and religious animosity. It is not an easy task; it requires tolerance, goodwill, a great deal of understanding, and, above all, recognition and acceptance of our differences.

It has been said that a society can be judged by how it treats its minorities. What kind of society are we going to bequeath to our children? I hope it will be one a little better than the one we inherited. Professor Northrop Fry said:

> A mature society tolerates dissent and rejoices in a variety of outlook and tradition.

One might argue that the solution to our problems is assimilation, but the facts prove otherwise. One need only look to the United States which is discovering the value of its pluralistic society. I hope that Canadians will continue to debate the kind of society we should have, because I have confidence in the outcome of the debate as I have in the future of this country, Canada.

[*Debate continued later this day.*]

## POST OFFICE

### DISRUPTION IN SERVICE—STATEMENT

**Senator Perrault:** Honourable senators, as I stated earlier this afternoon, I was awaiting a further report on the Post Office situation. I now have that report and, with leave, I should like to bring it to the attention of the Senate.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Perrault:** As of 1 o'clock this afternoon, 34 per cent of the workers are back on the job.

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

**Senator Perrault:** The announcement which was made yesterday was to remind all Post Office employees of the existence of Article XXVII of the Public Service Employment Act. It is the view of the minister responsible for the Post Office that CUPW leaders had not informed the workers that they were in danger of losing their jobs. And so the government has proceeded to remind them of Article XXVII of the P.S.E. Act. In this way employees now know that their jobs may be at hazard as of 12.01 tomorrow morning.

However, the minister responsible for the Post Office has given the assurance that all cases will be reviewed on merit. In other words, if there are cases where there has been demonstrable intimidation, then it would be completely unfair to say to those workers, "You are now among the ranks of the unemployed." The minister has stated that he appreciates that of those workers who want to go to work, some have not done so because of this intimidation. Loyal workers who are prevented from going to work will not be penalized—that is to say, law-abiding, honest members will not be penalized—but Article XXVII will otherwise be applied resolutely. Each area will report on individual cases before the Deputy Postmaster General reports to the Public Service Commission.

**Senator Grosart:** I wonder whether the Leader of the Government would be good enough to be a little more explicit as to the purport of Article XXVII. My understanding is that it refers only to absenteeism for a period of one week.

**Senator Perrault:** Seven days.

**Senator Grosart:** Yes, seven days, and, therefore, it is not specifically related to the larger question of disobedience to the law of the land. Perhaps the Leader of the Government would indicate, if this is so, why this peril that the workers would be in was not drawn to their attention by the government earlier? I have followed the dispute fairly carefully, and as far as I know this is the first time it has been mentioned that seven days' absence would place the workers automatically in jeopardy of their jobs. It seems strange, as the Leader of the Government has said, that this was not drawn to their atten-

tion before they decided to accept the advice or direction to disobey the law.

**Senator Perrault:** Honourable senators, the government believes that a one-week absence from the job could constitute abandonment of one's occupation with the Post Office. As I said earlier, however, every effort has been made to meet this problem in a conciliatory and fair-minded way. The appointment of a mediator is an example of the government's initiative in this respect. The potential impact of Article XXVII has always been known to the leaders of CUPW, but the government now feels a special responsibility to bring its meaning and implications specifically to the attention of the workers so that they may know the hazard involved in prolonging their absence from work.

If honourable senators care for further amplification of the point, I will direct some inquiries to the minister responsible for the Post Office, and I shall bring to his attention some of the questions that the honourable senator has asked.

**Senator Grosart:** I thank the Leader of the Government for that. I think such a course will be very useful because, considering the situation, I think it is apparent to all honourable senators that the time has come to look ahead. This is probably the first time that there has been massive disobedience to the law of the land as expressed by the Parliament of Canada. There was concern on the part of many people that we were close to a state of anarchy, particularly when one leading member of the union was quoted as saying, "We have defied Parliament, so who is going to worry about the courts?" This was as clear a statement of anarchy as you can get.

However, I think it is important that this matter should be clarified because we seem to be in the situation where some of the workers have now decided to go back to work. They may have engaged in perfectly legal absenteeism because there was nothing illegal about being absent, even though they were in danger of losing their jobs. They are not, however, going back to work because they have been persuaded they should obey the law of the land. This to me would seem to be a very important aspect of the case. Is it only the question of the loss of dollars that has sent them back? Is there no question of their understanding the importance of obeying the law of the land?

I raise this question now because I think it is important that we look at the various channels open to Parliament and to the government to avoid this kind of thing happening again. The leaders of this particular union have made it clear that they have no intention even now of obeying the law of the land.

**Senator Perrault:** Honourable senators, a further clarification will be sought, and I think it may well be in the interest of all honourable senators to have a daily report of the situation in the form of a statement by the leader in the normal course of events, if that idea has appeal.

There is no question at all but that the leaders of the union seem to have counselled defiance, not only of Parliament but of the courts, and in the final analysis they have no hope of winning that kind of battle. We do not want innocent victims to suffer in the process.

[Senator Grosart.]

[*Translation*]

**Senator Asselin:** Honourable senators, I wish to ask a question of the Leader of the Government following the clarification sought by the Deputy Leader of the Opposition.

Does he know that the union strategy could be to ask a certain percentage of employees to go back to work for 24 or 48 hours and then ask them to leave; after that, ask another group of employees to do the same thing?

Should this happen, would the Deputy Postmaster General or the Postmaster General be obliged to give a new notice of dismissal to their employees?

● (1520)

[*English*]

**Senator Perrault:** Honourable senators, it is expected that certain counter tactics may be considered by the leaders of the union, but, as I have stated, the government is studying further actions. In the final analysis no leader of that trade union, no Canadian citizen regardless of his occupation or his position, may with impunity defy the Parliament of Canada and the courts of Canada. It will not be permitted.

**Senator Asselin:** I do not mean that, no.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from earlier this day consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

[*Translation*]

**Hon. Paul Desruisseaux:** Honourable senators, may I be allowed to add my expression of deep sympathy to that offered yesterday by my collegues on the occasion of the death of our colleague, Senator Joe Greene. His judgment, his bilingualism, his capacity to readily understand our problems, his compassion towards everyone, makes us deeply feel his loss.

First, I would like to congratulate His Excellency the Governor General and Mrs. Léger for the outstanding way in which they carried out their duties as representatives of the Queen. As he indicated in the Speech from the Throne, His Excellency will soon be leaving. It will be with deep regret that we will see them both retire, though they deserve it well.

I congratulate our attractive Speaker of the Senate, the Honourable Renaude Lapointe, for her excellent work among us. It is also with regret that we will see our Speaker complete her well-filled mandate. Her kindness, her graciousness and her devotion on every occasion, has strongly impressed us. We will be deeply grateful and better friends when she resumes her seat as a senator with us.

Our leader, the Honourable Ray Perrault, and the Leader of the Opposition, Senator Jacques Flynn, have both discharged remarkably well their respective duties with propriety and

great dignity for which we are grateful and we congratulate them.

I have been quite impressed by the statement on our economy that the government leader made last week. I did appreciate the hope and optimism that it reflected. I hope that he will forgive me if I point out a few sore points which in my opinion should be corrected.

We have heard excellent comments on the Speech from the Throne made by Senators Rizzuto and Bird, and some senators who spoke before I did, especially the speech delivered this afternoon by Senator Bosa stating quite interesting views which should be further considered.

Senator Walker chose a quite different tone to make his comments when he severely criticized the government and its ministers, directing a slashing personal attack against the Prime Minister, making him responsible for all the evils that plague our country, our economy, and national unity. Although I have a high regard for him as a member and as a friend, I do not agree at all with our colleague, particularly in light of difficulties and statistics the world over. The economic difficulties now affecting us should be considered on a world scale and we ought to refrain from chastising any one person or group in any given country.

Unless I am mistaken, the economic statistics establishing the position of Canada among the nations of the world as quoted a few days ago by the government leader in the Senate were not challenged. We accepted them and there was nothing pessimistic about them. Of course, everything is not always rosy everywhere. I, for one, would rather deal with the optimistic and realistic aspects of the Speech from the Throne. I shall make my own criticism about what should be corrected in our economy. I think that aspect always exists, no matter the government in power or the events of the moment. Considering the economic and political factors, I think it is wise to adopt the point of view taken by the government in the Speech from the Throne. Again for our benefit the government stresses current priority subjects, namely, of the need to shore up national unity and the Canadian economy.

In the Speech from the Throne which opened the Fourth Session of the Thirtieth Parliament, some people see a lack of seriousness, the scarcity of new pieces of legislation to help our shaken and threatened economy. Others criticize the lack of measures designed to cut taxes and to further promote home building. In light of the facts, such suggestions seem to me ill-advised. In my view it is desirable to call to the attention of our nation and its Parliament, as the Speech does, our national priorities, the strengthening of national unity and the Canadian economy.

We will shortly be called upon to make a political appraisal which will be fraught with consequences. The stakes are high. It concerns the strengthening of our national unity and the development of a more stable economy on which depends not only our prosperity as a nation but our basic survival as a federation.

I believe that the federal government has already picked the issues for the 1979 federal election, as it should have done, by recognizing that spending cuts and national unity were actually our top priorities at present. That explains, I believe, why this Speech was so unconventional in that it shied away from the usual practice of listing with fanfare a series of unrelated measures.

I am happy to note—and I hope that my interpretation is correct—a broader outlook as regards the constitutional reforms proposed in the bill on the Constitution. The recommendations of the House and Senate committees on the Constitution will have a major role to play in this evaluation.

I shall refrain from commenting further at this time on the reforms to our national Constitution. I shall do so at a later date and at greater length.

I am not one of those who criticize the Speech from the Throne saying it proposes no worthwhile projects. May I, honourable senators, remind you of what the Speech from the Throne does propose to our consideration?

First, a Youth Employment Corps program that will finance employment and training programs for our youth.

Second, a proposal to provide additional encouragement to industrial development.

Third, new constitutional amendment proposals to be debated.

Fourth, proposals for the careful and in-depth evaluation of the programs prepared and implemented by public servants.

Fifth, a review of family allowances programs with a view to providing more for those in greater need of assistance.

Sixth, a bill to adjust compensation in the public sector to that in the private sector, and to put a ceiling on public service pensions.

Seventh, a bill to transform the federal postal services into a crown corporation.

Eighth, a bill to create the office of federal ombudsman.

Ninth, a bill to reduce by $580 million the unemployment insurance program, the money to be used to finance a job creation program.

Finally, bills to remedy the abuse of work stoppage in the public sector.

Parliament will be working full time throughout the present session. To increase our workload still, I believe we should try to review during this session our federal legislation relating to public protection and security, particularly with regard to the transportation, siting, stocking and disposal of volatile and inflammable products, especially following the disasters caused by such products throughout the world in the last few months. Bill S-3, an Act to implement the International Convention for Safe Containers, is only the beginning of adequate security measures that have become necessary and urgent. It is reported that the explosive power of liquid gas, after it has been compressed to 300 or 400 atmospheres, is increased accordingly. A mere shock or rough handling can cause the death of a great number of people as well as

extensive property damage. I believe our present legislation does not protect the public and property adequately. I think it is now urgent to review our legislation relating to security.

● (1530)

[*English*]

Federal government expenditures, as a percentage of the GNP, according to the last available figures of 1976, if we exclude transfer payments to provinces, amounted to 15.8 per cent, an increase of 0.5 per cent over 1961; while the percentage for the provincial and municipal governments, including transfers from the federal government, was 24.5 per cent, an increase of 9 per cent over 1961.

It seems to me that a way must be found to ensure more restraint in spending on the part of the worst Canadian spenders, namely, the provincial and municipal governments—and, I might add, the school boards.

It must be pointed out that the federal public debts now amount to approximately 22.1 per cent of the GNP, and our payments to certain agencies and crown corporations are over 25 per cent of the GNP. With the indexing of a part of the annual statutory expenses, it will contribute further to our federal economic problems.

While I am in full accord with the federal government's goals to put more restraint on federal expenses whenever possible, I realize that it will not be possible in the case of most of our statutory expenses, or for our interest payments on the public debts. These offer no such possibilities.

Possible relief appears to me to be in ensuring a rapid improvement in the national economy so as to provide an increase in the GNP and greater government revenue, which would result in a favourable solution to the economic problems of our nation. This would also contribute to the re-establishment of the dollar to a better international position, and appreciably diminish not only the federal deficit but our present unemployment.

● (1540)

I submit that there should be an immediate review of our national policy with regard to helping other nations of the world, whether they be third world countries, with the object of helping them in their need, or industrialized countries, with the object of helping the world economy and, we hope, our own international trade. I question our present ability to contribute to either group, as we have been doing, when we are quite unable to bring about the realization of certain important projects at home that would generate work for the unemployed and avoid major national crises.

I do not believe it has been very realistic on our part to move Canadian capital outside this country with the intention of helping other nations, though this may be a good thing for them, or of promoting international commerce. Nor do I believe that we are doing the right thing when we forgive or write off, for whatever reason, debts that are owed us by other nations, as we have been doing. I do not believe in the wisdom of the decisions of the government with regard to investing scarce Canadian capital in projects in far away countries, such as we appear to have been doing recently in Thailand, especially when we know beforehand that we will have to wait many years for even a possibility of obtaining some sort of return. These loans, of course, are made at rates of interest far below what we are required to pay on our own borrowings. Indeed, more likely than the acquisition of any return on our investment is the expectation that we will forgive the debt itself, as has been happening frequently in similar cases.



I challenge the suggestion that such measures are constructive, and good for our national economy at this time, and I challenge particularly the wisdom of adopting such policies without discussing them openly, and approving them, in both houses of Parliament. I am deeply concerned that such grants, gifts or loans, which have so often turned out to be bad debts, can be made by Canada without being first evaluated, analyzed and processed by both the House of Commons and the Senate and their committees. I am concerned that at a time of grave economic difficulty, the writing-off of millions and millions of dollars in foreign debts is allowed in this country without the study and approval of both houses.

I believe Canadian interests would be better served, and our national economy have a better chance to improve, if we could so change our policies that they would at least take our present economic instability into more careful consideration. It is time to review, reassess and redirect our policies, since they are likely to seriously affect and alter our present and our future. I question whether it was good advice from our economic advisers over these last few years to give a free ride to 54 per cent of all manufactured imports while our own exports kept falling off, because this weakened our national economy and drained our supply of needed capital.

I can only rejoice that there will, during the present session, be studies and analyses by a number of task forces composed of business people and other experts, the object of which will be to improve our national economic policies and reinforce Canadian unity. I take this opportunity to congratulate the government for having formed 23 federal task forces—I believe that number is correct—composed of some of the best authorities in Canadian business, finance and labour, who have proven themselves by their achievements in the different fields of our national economy. I believe these federal task forces will contribute greatly to finding the best means of creating the strong economy that we need so much. It is my understanding that the reports of many of these task forces are now in, and that the recommendations they contain are constructive and should go far towards re-establishing the Canadian economy in a strong position.

Increased government spending, increased Public Service demands, the mammoth inflation of the last few years—which has continued to exist despite our desperate attempts to fight it—the 85-cent dollar, record unemployment, the huge shortage of capital in the country, and the huge borrowings to finance our huge deficits, have all had their effect on our nation. I believe that if there are some Canadian statistics that merit praise—and I believe the leader stated them last week—there are others that call for severe criticism from us.

• (1550)

I believe we must at last realize that, as far as we are concerned, there is a price to pay for everything, and we are paying it, and that, as Mr. Henderson, our former Auditor General points out, at the level of $48 billion of spending a year, takes 50 cents out of every dollar's worth of goods and services being generated in Canada. The Government of the United States spends only 23 cents of its GNP dollar, and the claim there is that it is still much too high for the good health of their national economy. The near totality of these expenses there, as in Canada, did not generate anything constructive and good. The money spent was almost totally unproductive.

Yes, the government is right in spotlighting the two great priorities of the present—the reinforcement of national unity and the reinforcement of the national economy. They are our urgent concern. Parliament has now the opportunity to do something about them. May it succeed, while it can, with the help of all in both houses.

**Hon. M. Lorne Bonnell:** Honourable senators, as I rise to participate in the debate on the motion for an Address in reply to the Speech from the Throne, I would like first to congratulate the mover and the seconder on their excellent speeches. They have given us food for thought, and they have sold themselves well in this chamber.

I should also like to welcome you back, Madam Speaker, to your chair of high esteem in this chamber, and to tell you that you not only bring honour to us senators, but you bring honour to the Parliament of Canada, not only within our own nation, but internationally.

Honourable senators, I would like, at this time to pay a tribute to one of our retired senators, the Honourable Alan A. Macnaughton, who has had long experience in the field of law, politics and business. He is a loyal and dedicated Canadian who has won honour and distinction in many fields, but I mention him especially today because of his relationship to Prince Edward Island.

During the early history of Prince Edward Island, in the latter part of the nineteenth century, a pirate ship from the United States entered Charlottetown harbour and plundered the city. One of the things they took with them was the mace from the Legislative Assembly. The Legislative Assembly of Prince Edward Island operated without a mace until 1965 when the Honourable Alan A. Macnaughton, then Speaker of the House of Commons, presented the second mace to the Legislature of Prince Edward Island in that historic chamber where the Fathers of Confederation met in 1864 to discuss the formation of this country. Alan Macnaughton's experience in law, politics, international affairs, finance and commerce will be missed in this chamber, but he will always be remembered in Prince Edward Island.

I should also like at this time to extend my sympathy to the wife and family of the late Senator John James Greene, better known as "Joe," who passed away so suddenly a few days ago. Senator Greene will be missed by his many friends and relatives as well as by his colleagues here in the Senate. He was a great lawyer and a great politician. He served as Minister of Agriculture and Minister of Energy, Mines and Resources in the federal cabinet. He served in World War II from 1941 to 1945 as a flight lieutenant, was awarded the D.F.C. and was mentioned in despatches. However, he will probably be remembered most for the excellent and dynamic speech he made in 1968 when he contested the leadership of the Liberal Party and became known as the "Abe Lincoln", of Canada. We in the Senate are much richer for having had Senator Greene with us for a short time, and will be much poorer because of his passing. To his wife and family I extend my deepest sympathy.

I take this opportunity to welcome the many new senators who have joined us since the opening of the Third Session of the Thirtieth Parliament, and who have already shown their wide experience and knowledge of the government and affairs of our country. I believe the members of the Senate, both in the past and in the present, have been and are men and women of honour and distinction and experience in their many fields, and that it would be difficult to replace this group with any other group, whether they be members of the Senate, members of the House of the Provinces, members of the House of the Federation, or members of an upper house of the Parliament of Canada of any other name. I wish the new senators many years to carry out their duties in representing not only their regions, but all Canadians as they give sober, second thought to the many pieces of legislation that come before them.

Honourable senators, I was surprised to read in the first paragraph of the Speech proroguing the Third Session of the Thirtieth Parliament, delivered by the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada and Deputy of His Excellency the Governor General, on October 10, 1978, that Her Majesty had visited Prince Edward Island. I was also surprised to learn that reference to her visit to Newfoundland had been omitted from the speech. Obviously, this is a typographical error and should be amended in the *Minutes of the Proceedings of the Senate* to read:

> The Third Session of the Thirtieth Parliament was opened by Her Majesty the Queen on October 18, 1977. Since then Canadians in many regions have been honoured by visits from several members of the Royal Family and Her Majesty visited Newfoundland and Saskatchewan as well as Edmonton, where she opened the Eleventh Commonwealth Games.

Although Her Majesty did not visit Prince Edward Island, I assure honourable senators that we watched her visit to Newfoundland, Saskatchewan and Edmonton, where she opened the Commonwealth Games, with much interest. Our love for and loyalty to Her Majesty, and to all members of the royal family, is of great importance to us. In this regard, I am more than pleased to read in the Speech from the Throne that the government wishes to make its position clear once again as to the role of the Monarch and the Governor General.

• (1600)

I was pleased to read that the government's view was, and remains, that the new Constitution should describe the situa-

tion as it exists today in Canada, and that the government is pleased that the provincial premiers expressed the same view during their meeting in Regina. I am further pleased to read that discussions are already in progress with provincial governments to ensure that the legal drafting conforms to that intention, and that the government reiterates that there is no intention to change or to reduce in any way the role Her Majesty plays.

This statement relieves a lot of fears among Canadians. Many of our citizens have brought to my attention the fact that they were of the opinion that Bill C-60 was going to reduce the role of the monarchy in Canada, and this was troubling them greatly. So, if the Speech from the Throne did no more than reassure Canadians that the role of the monarchy will not be altered, then I believe that that alone would give them further confidence in this government. I hope that the leaders of the other three major political parties in Canada will, during their speeches in the other place, reaffirm their support of Her Majesty, and reassure Canadians that, regardless of who should form the next government of Canada, the role of Her Majesty will not be diminished.

I was pleased also to note in the Speech from the Throne that the government is prepared to begin the study of the distribution of powers with the provinces at the same time as that of institutions and rights, and to give every aspect of the work of amending the Constitution a high and urgent priority.

If I could give the Government of Canada the feeling of most Prince Edward Islanders, I would inform the government and the members of the Senate that Prince Edward Islanders want to make sure that we have a strong central government, and are not asking to have the rights of the provinces broadened or extended. It is the belief of most Islanders that unless we have a strong central government the quality of life in the smaller provinces and the outer regions of this country cannot be equalized so that every child, regardless of where it is born in this country, will have an equal right to an education, to social benefits, to free hospitalization and free medical care, and an equal opportunity to full employment and a decent standard of living.

I maintain, honourable senators, that if we weaken the role of our central government just to please the wishes of some of the provinces, we will destroy what we have built up since Confederation by our national programs of health care, social programs, unemployment insurance programs and highway programs such as the trans-Canada highway, and we will tend to balkanize this country, with some very rich provinces and some very poor Canadians.

I was also pleased to note in the Speech from the Throne that the guaranteed income supplement for our senior citizens will be increased, which confirms what was announced by the Minister of National Health and Welfare on August 24, 1978, when she proposed an increase of $20 per month to each household receiving the guaranteed income supplement. The increase will be added to the January 1979 cheques, and will be considered part of the regular indexed guaranteed income supplement payment thereafter.

[Senator Bonnell.]

The guaranteed income supplement is currently received by about 1.2 million Canadians, and is intended to supplement the old age security payments of those who have little or no income. The basic old age security rate for all Canadians over 65 years of age is now $164.74 per month, and the maximum guaranteed income supplement rate is currently at $112.08 per month for single individuals, and $199.04 per month for couples.

In all, about 55 per cent of the income of Canadians over 65 years of age comes from publicly financed pensions, and over half of Canada's elderly population rely on the guaranteed income supplement to augment their income. The minister pointed out in August that where the guaranteed income supplement payment was being provided to a couple, the total increase would be $20 per month, the same as for a single recipient. She indicated that this was intended to ensure the best possible distribution of benefits, with a larger relative increase being provided to the single elderly. This feature is intended particularly to correct the situation whereby single pensioners are relatively worse off than married pensioners.

The changes proposed in the system of family allowances and the new refundable tax credit are intended to provide money to help Canada's working poor. Here the objective is to ensure both that the 1.5 million children who currently live in poor families receive a better start in life, and that middle income families are assisted in providing for their children. At the same time, it is intended to provide a stimulus to the Canadian economy by directing tax deductions to those people who will spend the money on basic Canadian-produced goods and services, such as food and shelter. The minister pointed out in August that this type of program design is now possible because experience with many of our social programs, gained over the last several years, has taught governments how to ensure that more of the money goes where it is needed.

The minister emphasized that this refundable credit will provide full benefits even to families who do not pay income tax. The basic amount of the refundable tax credit is $200 per year for each child under the age of 18. As a family's income rises above $18,000, the amount of the tax credit will be reduced by $5 for every $100 in earnings. Thus, a one-child family would receive a $200 credit at an income of $18,000, or a $100 credit at an income of $20,000, and would cease to receive the credit when family income rises above $22,000. In the case of a three-child family, the corresponding figures would be a $600 credit at incomes up to $18,000, a $500 credit at an income of $20,000, a $400 credit at an income of $22,000, and the family would cease to receive the benefits of the tax credit when its earnings passed $30,000.

In all, more than 2.4 million families with more than five million children will receive this benefit. The biggest benefit will go to those large, low-income families which need it most, and over $300 million will go directly to Canadian families below the Statistics Canada poverty line.

• (1610)

There will be a major change in the family allowances program. In January 1979, monthly payments in respect of

each child will be $20 instead of the $25.60. The rate of $20 will be indexed in succeeding years as are current payments. This reduction, which will achieve a cost saving of $690 million in 1979-80, is intended to preserve the good points of the family allowances program, while permitting the savings to be used for the more sharply targetted refundable tax credit.

The reason I spend some time talking about this program is that many Islanders, and probably many Canadians, do not understand the benefits that they are going to receive from this new child tax credit program. It has been pointed out by some mothers that they could not understand why their family allowance cheque would be cut in January from $25.68 to $20 per month, as suggested in the new program. But they will be pleased when they learn that if they are making less than $18,000 per year, they will receive a $200 tax credit for each child under the age of 18, and families that do not pay income tax will receive a cash rebate of $200 per child. Since this program becomes effective in the 1978 taxation year, a mother of four children whose income is not high enough to pay income tax, should receive a cheque for $800 at the end of April 1979, as her share of the $200 tax credit for each child. This $800 cheque would allow the mother to buy something worthwhile for her children, which she could not do with the $5.68 on her monthly cheque under the present system. I believe that most mothers, especially those in the low income bracket, will much appreciate this tax credit or this cash rebate of $200 per child when she better understands the program and receives her first cheque. In all, I believe 2.4 million Canadian families will benefit from the $800 million tax cut under this new family allowances program.

These changes imply no net increase in social policy expenditures. They represent a realignment of social policies in the direction of providing more money where it is needed most. They are in line with proposals which were made for social policy changes following the social security review of 1973-76. This money will go to those Canadians most likely to provide a direct stimulus to the economy by spending it on the necessities of life, and least likely to put it into savings for the purchase of luxury or foreign goods. It will thus act both to stimulate the Canadian economy and to improve the situation of lower-income Canadians. It will help ensure that those hurt most by inflation and those least able to cope with economic problems receive the assistance they need.

Honourable senators, I note in the Speech from the Throne that we will be asked to enact legislation to make the Post Office a crown corporation, with a view to making postal services more efficient and responsive to public needs. If this means that by making the Post Office a crown corporation we will not have any more postal strikes, then I am for it. But, personally, I do not believe that by making the Post Office a crown corporation we will benefit the citizens of Canada by improving the efficiency of the service to any great extent. I believe the time has come when we, as Canadians, have to look at the Public Service and wonder if we did the right thing when we gave its members the right to strike. When we consider the wages paid to the many postal workers, and at the same time consider that nearly a million Canadians would be pleased to have those jobs, perhaps we should ask those workers if they are using their right to strike wisely and for the betterment of this country—especially at this time when unemployment is so high, inflation is difficult to control, the Canadian dollar is on the downgrade, our productivity is not as great as that of some of the other industrialized countries, our exports are not as high as they could be, and our imports are probably greater than they should be.

Should we not ask these Canadians to consider their fellow Canadians who are not as fortunate and who are unemployed, or, if employed, whose income is not as great as their own, before they shut down the services and tend to destroy the efforts of other Canadians to make the economy of this country grow, and thus give full employment and better the wages of all Canadians? If they are not prepared to consider their fellow men, to use their right to strike with more discretion and to curb their demands in line with other Canadians, then I believe that we, as parliamentarians, may have put too much trust in them in the first place when we gave them the right to strike. Perhaps we should have guaranteed them compulsory arbitration instead of giving them the right to strike. At any rate, I hope that the making of the Post Office a crown corporation will reduce the number of strikes and give better mail service to all Canadians.

Honourable senators, this question of the strike by the inside workers in the Post Office brings to mind Bill C-8, an act to amend the Canada Labour Code, which was passed by Parliament during the last session. Because there was the possibility of a federal election being called, it did not receive the study by a committee of the Senate that most people thought it should have. Having this in mind, I remember quite clearly that the Leader of the Government in the Senate gave a commitment to this house. The commitment, which can be found at page 633 of *Debates of the Senate* of Thursday, April 13, 1978, is as follows:

> I want to give this commitment to the house. I shall undertake the appropriate initiative in the near future to have the subject of labour relations in the federal sector referred to the Standing Senate Committee on Health, Welfare and Science. I certainly hope that all groups not heard on the subject of Bill C-8, and indeed many of those who have been heard if the committee should so decide, would appear before that committee to state their views—indeed to state ways in which they think the Labour Code of Canada should be changed at some future date.

● (1620)

Honourable senators, you may be aware that while the Senate is primarily a legislative body, it also exercises two other modern functions—a deliberative function and an investigative function. Under the Rules of the Senate, a senator may at any time call the attention of the Senate to a particular matter for the purpose of having that matter considered or examined by the Senate. Upon consideration of a subject matter brought to its attention in this way, the Senate may, on a motion to that effect, refer the subject matter to a special or

standing committee for more in-depth examination, at which time witnesses may be called to appear before the committee and submissions may be heard. There are numerous examples in the past where the report of a committee that has examined a particular subject has been followed sooner or later by remedial government legislation. I believe it was this procedure that the Leader of the Government in the Senate had in mind when he made the statement in the Senate last April.

It is my view that the subject matter of labour relations should be referred to a special committee of the Senate, or to the Standing Senate Committee on Health, Welfare and Science. A committee of the Senate should study the Canada Labour Code as it affects labour relations in the federal sector, and I would like to remind the Leader of the Government of his commitment. I believe that when this is done both government and labour will have an opportunity to appear as witnesses, and the committee can make some strong recommendations for better employer-employee relations in the Government of Canada for the future. It is my belief that both the Government of Canada and the Public Service would have an opportunity to air their views, and perhaps the Senate could perform a great investigative function and make some strong recommendations to the Government of Canada for remedial legislation.

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 10 a.m.

# THE SENATE

**Thursday, October 26, 1978**

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 13(1) of the Canadian Commercial Corporation Act, Chapter C-6, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Consolidated Annual Report which includes activities of the Unemployment Insurance Commission from January 1, 1977 to August 14, 1977, the Department of Manpower and Immigration from April 1, 1977 to August 14, 1977, and the Canada Employment and Immigration Commission and Department of Employment and Immigration from August 15, 1977 to March 31, 1978, pursuant to sections 6, 14(2) and 14(3) of the Employment and Immigration Reorganization Act, Chapter 54, Statutes of Canada, 1976-77.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 31, 1978, at 8 o'clock in the evening.

Before the question is put, I should like to make a brief statement with respect to the business for next week.

We shall proceed with Bill S-3, to implement the International Convention for Safe Containers; Bill S-4, respecting Canadian non-profit corporations; and Bill S-5, to amend the Canada Business Corporations Act. We shall also continue with the debate on the Speech from the Throne.

Wednesday next, November 1, will be the last day on which the Throne Speech will be debated. If there are any honourable senators who wish to speak and have not so indicated, they should so advise the Whip.

The Special Senate Committee on Retirement Age Policies will meet at 2 p.m. on Tuesday. A meeting of the Banking, Trade and Commerce Committee has been called for 9.30 a.m. on Wednesday to continue its study and hear witnesses on the banking legislation introduced in the last session. Also at 9.30 a.m. on Wednesday, the Legal and Constitutional Affairs Committee will hold an organizational meeting. The Banking, Trade and Commerce Committee will meet again on Thursday at 9.30 a.m. on the banking legislation.

While I am on my feet I should like to inform the house that we are planning to adjourn this morning at around 11.30 so that honourable senators will have time to have some lunch before leaving at 12 o'clock to attend the funeral services for the late Senator Joe Greene in Arnprior.

Motion agreed to.

## POST OFFICE

DISRUPTION IN SERVICE—QUESTIONS ANSWERED

**Senator Perrault:** Honourable senators, I have some information regarding the postal situation which may be of interest. The latest reports indicate that a large number of inside postal workers have reported for work today. I understand the general figure is 80 per cent. There are, however, one or two spots of difficulty. Further reports are expected shortly, and there may be improvements in those areas as well. Toronto South Central and London, Ontario, seem to be areas where the return to work by the employees has not been as great as in some other places in the nation.

There have been reports about legal action against certain of the union leadership. The government takes the view that the vast majority of CUPW members are responsible, law-abiding citizens who wanted to resume work. However, as some honourable senators suggested yesterday and on earlier occasions, in some instances there have been fears of union reprisals. The government is aware of the situation.

There appears to be a minority radical group of no more than 10 per cent which appears to be in control and a larger group which follows the union. These groups are larger in the major centres. As far as union leadership is concerned, warrants to authorize a co-ordinated search of certain CUPW offices across the country were exercised yesterday at 3 o'clock Ottawa time. Later in the afternoon the Minister of Justice announced that criminal charges under section 115 of the Criminal Code had been laid in the Ontario Supreme Court in Ottawa against CUPW President Jean-Claude Parrot and four colleagues. They are expected to appear in court today.

Section 115 of the Criminal Code reads as follows:

115. Every one who, without lawful excuse, contravenes an Act of the Parliament of Canada by wilfully doing anything that it forbids or by wilfully omitting to do anything that it requires to be done is, unless some penalty or punishment is expressly provided by law, guilty

of an indictable offence and is liable to imprisonment for two years.

So action is proceeding in this area.

Certain honourable senators asked yesterday about those employees who in fact did not report for shift this morning and who were not available for work after 12.01 this morning. These employees are now in the position where they can be declared to be no longer employees of the Post Office Department. However, every case will be reviewed individually by the department to make certain that before any action is taken it is determined whether certain employees are absent wilfully or whether they are prevented from working because of coercion or intimidation.

Section 27 of the Public Service Employment Act reads as follows:

> 27. An employee who is absent from duty for a period of one week or more, otherwise than for reasons over which, in the opinion of the deputy head, the employee has no control or otherwise than as authorized or provided for by or under the authority of an Act of Parliament, may by an appropriate instrument in writing to the Commission be declared by the deputy head to have abandoned the position he occupied, and thereupon the employee ceases to be an employee.

This is the operative section as it may be applied, and undoubtedly will be applied, to certain employees of the Post Office Department who are not on the job at the present time.

Senator Manning asked yesterday whether the government has considered decertifying the union. It can be said that this is now on the list of possibilities, but it is extremely unlikely that the government will take such action.

Yesterday, Honourable Senator Walker asked whether there appeared to be any communist involvement. I understand there have been widespread media reports today suggesting that the government has launched a widespread investigation of alleged communism in the Post Office Department. I want to clarify the situation. When I heard Senator Walker's question, I stated that an inquiry would be made. I did not suggest an inquiry on communism in the Post Office would be made. I said I would inquire of the minister responsible for the Post Office whether he had any information on this particular point. That is the nature of the inquiry which we intend to make.

• (1010)

**Senator Marchand:** Would the Honourable Leader of the Government clarify a point for me, please? I believe he has said that it is not at this moment the intention of the government to decertify the union. Is that an official decision or is the matter still open to discussion? I wish to state emphatically that I am violently opposed to any kind of decertification.

**Senator Perrault:** Honourable senators, the report provided to me states that, while this is on the list of possibilities, it is extremely unlikely that the government will take such action.

[Senator Perrault.]

DIRECTIVES TO WORKERS BY UNION LEADERS—QUESTION

**Senator Grosart:** Honourable senators, in listening carefully to the statement by the Leader of the Government on the Post Office situation, I did not hear any reference to the reports in the press that the union itself, that is, the headquarters of the union, had advised the Post Office workers, the members of the union, to return to work. Perhaps the leader made that statement and I simply did not hear it. But it does raise a question as to what advice or direction has been given to the workers. Have they been told to return to work and to obey the law or have they been told merely to come back so that they can avoid the effect of section 27 of the Public Service Employees Act?

**Senator Perrault:** I am not able to report any further information at this time. I expect to talk to the minister responsible for the Post Office within the next half hour, and I know that that question has already been placed before him.

**Senator Grosart:** Could the Senate be assured that, if possible, the Leader of the Government will make a statement on that specific point, because at the moment the crux of the matter seems to be whether the employees have been directed to obey the law or merely to avoid the effect of absenteeism of seven days or more.

## GREAT LAKES SHIPPING

EFFECT OF SHIPPING CONTINUATION ACT—QUESTION

**Senator Olson:** Honourable senators, can the Leader of the Government amplify the response he gave to my question about Great Lakes shipping with respect to whether everything is back to normal? Has any action been taken by any of the companies to keep their ships idle for the balance of the shipping season, or has that problem been alleviated?

**Senator Perrault:** Honourable senators, I have no further information on that point as yet. I hope we will have further information shortly. An effort will be made to obtain that information before we rise this afternoon. Indeed, I am advised by our colleague Senator Langlois, who is a distinguished expert in maritime law, that the engineers reported for work yesterday at noon.

## INCOME TAX CONVENTIONS BILL

THIRD READING

**Senator Frith** moved the third reading of Bill S-2, to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of

the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. Jack Marshall:** Honourable senators, it is with a great deal of pleasure that I take this opportunity to participate in the debate on the motion for an Address in reply to the Throne Speech, because it gives me an opportunity to pay my respects, first, to our illustrious and distinguished Speaker, Madam Lapointe, and to wish her continued health during her term of appointment, however much longer that might be.

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

**Senator Marshall:** If, indeed, the duration of her appointment is short, I hope that in whatever capacity she may find herself she will continue to enjoy health and happiness.

May I also take the opportunity to extend my deepest respect to His Excellency the Governor General of Canada, Jules Léger, and to express, along with all honourable senators, my appreciation for the graciousness with which he, together with Mrs. Léger, has honoured Canada during his term of office, and most particularly for his determination to continue in that prestigious office as our first Canadian despite adversity in health.

May I also congratulate the mover and seconder of the motion, Senators Rizzuto and Bird, and compliment them on their speeches, which I read with keen interest.

I also express to the Prime Minister of Canada my sincere appreciation for my appointment to this chamber, despite my political leanings. I only hope that I can fulfil his confidence in me in whatever contribution I can make to our proceedings during what may turn out to be a period of months to come rather than years to come. I am honoured more so to be appointed as one of an ethnic minority, and in this regard I am pleased to join such renowned Jewish colleagues as Senators Croll, Austin, Buckwold and Goldenberg.

More particularly, may I take this opportunity to express my deepest appreciation to all honourable senators for accepting me in this chamber and for their sincere comradeship. I hope that I can contribute in some small way to assist them in the widespread responsibility which they carry but which, unfortunately, for some reason or other, does not seem to be recognized in many circles across our nation.

If I may be allowed, I think it is fitting that I pay tribute to my predecessor, Senator Mike Basha, who represented that district of the province of Newfoundland which I now have the honour to represent. I should like to pay tribute also to his wife and family. May I thank also my Newfoundland colleagues, Senators Rowe, Cook, Petten and Lewis, who, despite our different political loyalties, have accepted me with a sense of particular Newfoundland comradeship which I am sure all you other Canadian senators envy.

Finally, may I place on the record my compliments to my leader in the other place, Joe Clark, to my leader in this chamber, Senator Flynn, and to my party colleagues who, if I may use a hockey term, "drafted" me into their fold, along with Senators Roblin and Wagner. The members of the official opposition can certainly use our presence, in numbers if not in quality, in discharging their responsibilities in both the Senate chamber and in committee.

• (1020)

May I express also my appreciation to all my colleagues in the other place, and particularly to the Honourable Don Jamieson, who has inspired so much pride in his contribution to Canada, which has reached down to Newfoundland.

Honourable senators, I indicated that the work of the Senate is not recognized. May I ask you to bear with me when I express the trepidation I feel at the realization that so little is known across Canada about just what the Senate does, or what a senator does, despite the responsibilities that we hold. For me, in the light of what I myself have learned in my few short months in this chamber, and despite my 10 years as a member of Parliament, this is alarming, to say the least.

I am sure that the reaction in my own district to my appointment is common right across Canada, and it has already led me to the conclusion that there is a serious misconception on the part of the majority of Canadians of the important role played by the Senate as a part of the Parliament of Canada. That role was designated by the Fathers of Confederation, who decided that in the structure of Parliament there should be a Senate, the purpose of which would be to ensure the protection of citizens' rights and freedoms, to protect the individual, and to ensure that legislation passed in the other place would be in the best interests of individual Canadians, regardless of their status.

May I say, honourable senators, that although I received many tributes and accolades from my province of Newfoundland, and from across the country, on my appointment to this chamber, I became very concerned when I learned that the general feeling was that I would not continue to be able to serve those citizens that I had represented with the greatest encouragement and support since 1958. My concern has been intensified by the fact that for some reason or other the message has been disseminated over the years that this chamber is a haven for retired party supporters, a place for political patronage, a prestigious home for older politicians. I say to you, honourable senators, with the greatest respect, that you have allowed this to happen without a fight, without reaction, mainly because you have been too honourable and statesmanlike to try to overcome this misconception, that has been allowed to continue and become exacerbated over the years.

I have had some research done to support my rebuttal of some of the myths that exist not only among Canadians generally, but also among the so-called experts who, to my mind and with the greatest respect, are ignorant of the facts. I had this research carried out because it is obvious to me that the government that proposed the amendments to the Constitution must feel, for reason beyond my powers of imagination, that there is something wrong with our system of government in that Canadians are either not receiving proper representation or that the legislation which is intended for the benefit of Canadians has in fact not been to their benefit. If that is the reasoning, all I can do is ask how they could come to the conclusion that it was the fault of the Senate.

Most of the legislation that is drafted by the government for the benefit of our country originates in the House of Commons, is debated there by the government party and all three opposition parties, and is then passed by a majority of that house in conformity with Canada's system of democracy. The next step in the democratic process is the review of the legislation by the Senate, which gives the legislation a sober second thought and vetoes it if it is bad—and certainly there have been plenty of examples of that over the years. Unfortunately, instead of allowing this chamber time to ensure that the legislation is beneficial to Canadians of whatever status, the legislation often comes here under demand, or under duress or threat, that it be given royal assent—in most cases against our better judgment—within set time limits. So instead of using common sense to correct the defects in the legislative process where those defects originate, namely, in the House of Commons, the draftsmen of the amendments to the Constitution have made the Senate the scapegoat. The solution could have been very simple. All they had to do was simply and logically, and with some fundamental common sense and reason—and it could have been done in one paragraph—given us the same power of veto which it is proposed in Bill C-60 to give to the House of the Federation. Turning to my research paper to support this portion of my argument, I should like to quote from a statement by the Father of Confederation, Sir John A. Macdonald:

> There would be no use of an upper house if it did not exercise, when it thought proper, the right of opposing—or amending—or postponing the legislation of the lower house.

I ask the question: Has the government allowed us this right? Sir John A. went on to say:

> It must be an independent house, having a free action of its own.

I ask the question: Have we been allowed to exercise that free action? Sir John A. concluded by saying:

> It, the upper house, is only valuable as a regulating body, to consider legislation and to prevent any hasty or ill-considered legislation which may come from that body, but it will never set itself in opposition against the deliberate and understood wishes of the people.

Perhaps, honourable senators, this might be an over-simplification of reality, but, in defence of past governments, the Fathers of Confederation could not have foreseen the developing realities and the demands caused by changing conditions. For example, since 1935, with the exception of an interruption between 1957 and 1963, the Liberals have been in power, and that has resulted in a preponderance of appointments to the Senate from that party. My short experience has made it obvious and clear to me that those same Liberal senators, when given the opportunity, have carried out their duty and responsibility to ensure that legislation is properly examined. Notwithstanding that, there is no reason to believe that this matter could not be corrected by simply expanding the existing consultative process agreed to by the government with the opposition parties, to ensure a reasonable proportion of opposition senators in the future.

I now move along to rebut what I consider to be another myth, and that is the misconception about the age and qualifications of senators compared with members of the House of Commons. Keeping in mind that by law a senator must be at least 30 years of age, that there are 264 seats in the House of Commons and only 104 seats in the Senate, I offer two statistics to illustrate my point. Eighty-one members of the House of Commons are from 50 to 59 years of age, representing 33 per cent of the total membership of that house. Thirty-one senators are in the same age bracket, representing 33 per cent of the total membership of this house. In other words, the percentage of membership in this age bracket is exactly the same in both houses. While in recent years the average age of MPs entering the political field has become younger, the same rule applies to the acceptable fact that the age limit of senators has been lowered. If this is the case, there is no reason to blame those senators who were appointed, either originally for life or, as it is now, to age 75.

It is hypocritical to presume, nor has it been proven, that a citizen is less capable of assessing what is beneficial to his country at whatever age, commensurate with the legislative experience he holds or has gained over the years.

While I cannot deny the admiration I have for my former colleagues in the House of Commons, and their devotion to the cause, it is certainly hypocritical for those who claim expertise to distort the devotion, dedication and experience of senators merely because they are appointed rather than elected.

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

**Senator Marshall:** I put the question to those self-declared expert critics who ask for abolition of the Senate or an elected Senate, and ask them when they will look at reality and use some basic common sense for a change.

Let me give a few more statistics. In a 1978 comparison of MPs and senators with legislative experience, from 1867, MPs with legislative experience declined from 48 per cent to 10 per cent up until 1962.

• (1030)

Let us look at the present status, in 1978. The one striking statistic is that 73 per cent of MPs had no previous legislative experience, while only 49 per cent of senators fell into that category. An increasingly smaller proportion of MPs, both cabinet and backbenchers, have held public office prior to their election to Parliament. Indeed, fewer MPs today have had the experience of being a candidate, let alone winning a public office before their election to Parliament. But senators have held some of the most important public offices in the land: 28 per cent have been MPs; 24 per cent have had provincial legislature experience, and 8 per cent have served in provincial cabinets. At present we have 6 ex-provincial premiers and 7 leaders of provincial political parties who have sat in opposition. My research report concludes that senators possess a wealth of political experience when compared with MPs.

May I impose on you, too, to review a breakdown of Senate experience as extracted in 1977 in reply to a question by Senator Austin. We have the valuable municipal, provincial and federal cross-governmental experience of 7 former aldermen, 8 former mayors, 14 federal cabinet ministers, 14 provincial cabinet ministers, 7 provincial leaders of opposition, 8 provincial leaders of political parties, 25 former members of the House of Commons, 18 former members of provincial legislatures, 6 former parliamentary secretaries and 6 former premiers.

Besides having served in public office, senators have also gained valuable political experience in party office. Sixty-five per cent of the senators interviewed had held party offices at some level. Indeed, 32 per cent of the senators had been members of their party's national executive. Senators have been presidents of their national parties and have headed national election campaigns. These figures are impressive when compared with those pertaining to legislators in other western systems. In the United Kingdom, only 21 per cent of Conservative and Labour candidates for the House of Commons had ever held a party office, and only 9 per cent of U.S. Congressmen have reported holding positions in their party's national executive. The report concludes:

> Again Canadian senators prove to be among the most politically experienced legislators in the world.

A concluding point can be made about the amount of experience senators and MPs have in their present office. Naturally it takes a senator some time to learn the ropes in the upper house and to acquire the necessary standing and skills to have a real impact on his colleagues and on legislation. According to one professor's sample, between 1965, when the compulsory retirement at 75 became law, and 1971, the average tenure of senators dropped by almost one-half from 16 years to 8.32 years. This compares favourably with the corresponding statistic for MPs, who have an average tenure in office of 7.23 years.

The great difficulty in drawing conclusions about the Canadian Senate, the report went on to say, is the lack of an underlying consensus over its raison d'être, and the following comments are therefore drawn only in part from the analysis, with various conclusions being based on what the author found.

Many of the Senate's critics start with the assumption that as Canada is a democracy the Senate must therefore be a democratic institution. This immediately calls into question the method by which senators are summoned to office, and leads to the inevitable call for an elected Senate. This, many of the more perceptive critics note, will cause serious difficulties for the parliamentary system. The essential problem concerns how the executive, the cabinet, can be "responsible" to two separately elected houses. This conundrum has yet to be solved, so the critics then ask for the abolition of the Senate. This is a rather simplified version of the argument, but it is logically consistent if one accepts the underlying premise.

However, one can also argue that a non-elected Senate, especially one that acts in a positive and circumscribed way, and by long tradition does not seek to thwart the popular will, may well be consistent with democratic government. One expert argues:

> It surely does not follow that every institution of government must itself be directly elected in order to conform to democratic principles. The crucial condition is that those elected to lead the nation should have the last word.

The Canadian and British monarchy, the British House of Lords, the American cabinet are all non-elective institutions which serve democratic governments and serve them well. In this light, the value of a non-elective Senate is more a matter of how it works and what it accomplishes. To evaluate it from this perspective is still difficult, because again there is no one consistent set of expectations against which its performance can be measured—and I say to you, honourable senators, that you have done this proudly over the years.

If one accepts the intentions of the founding fathers and looks upon the Senate as a house of review for the exercise of "sober second thought," then its current composition can be seen to reflect this aim. It is composed of mature persons who have achieved a measure of success in a previous career. Most have had a career in business or one of the professions, and many are experienced legislators. In contrast, a good many of the younger members of the house are in the early or middle stages of their careers. Those who do not stay within the legislative process—many are retired by the public but many retire of their own accord—use their legislative experience as a step on the ladder of their own social and professional mobility. It is, therefore, to be expected that senators will be older than their counterparts in the House of Commons. It would require a fundamental change in the nature of Senate membership to have this age substantially reduced. Nevertheless, it will decrease to some extent as those members appointed before 1966 eventually retire. But I say, as I have said previously, to my mind nobody can prove to me that age has anything to do with serving your country.

The tenure of senators compares favourably with that of members of Parliament, so the turnover rate in both houses is about the same. This means that the Senate is certainly not lacking in new personnel, and one might expect new ideas and changing perspectives.

In terms of education and occupational background, senators and members of the House of Commons are very much alike. Each represents a very select group of citizens who are much better educated than the population as a whole, and who come from higher status jobs. These are the words of the authors of this report, not mine. In a sense, both groups are "achievers". Members of the House of Commons have had both occupational and electoral success, whereas senators are chosen from among a rather select list of "successful" people, and this selection process, as one professor points out, is not without its own element of competition.

In general, senators and members of the House of Commons have rather more in common than they have differences. The differences which exist appear to be based upon the Senate's role as the "senior" house of review. The "role" of each house, it can be argued, complements the other in the service of Canadian democracy.

So I quarrel with those experts who somehow, somewhere, and without justifiable support, state that the Senate should be an elected body. I ask those experts, who supposedly know what is right for the people of Canada, why devoted Canadians, in order to serve Canada—a service to which they have dedicated their lives—have to be elected rather than appointed to perform that same service.

Does a Canadian such as my deskmate, Senator Smith, who had the confidence of the citizens of Nova Scotia as an elected representative for many years, have to be elected to continue to serve in this house as he did as premier of Nova Scotia? Or does a Canadian such as Senator Roblin, an elected Premier of Manitoba for ten years, have to be denied the opportunity to continue to serve Canadians with his wealth of experience because he was not elected but appointed to this chamber?

● (1040)

Do Canadians with legislative or other experience, who are members of the party I am happy to represent, have to disqualify themselves from continuing to serve their country in this honourable chamber?

Does a citizen such as Senator Hicks, the president of a great university, a leader of a party, have to be elected, or should he be denied the opportunity to contribute to the educational needs of our country?

Do persons of the capability of Senators Forsey, Connolly, Hayden, and many others too numerous to mention, with their expertise in finance and legislation, which is so helpful to the Parliament of Canada, and who are experts on the Constitution which we have been debating for the past few months, have to disqualify themselves from continuing to serve their country?

Should persons of the calibre of Senators Bell, Bird, Anderson, Neiman, Inman and Norrie, who have devoted years of their lives to women's rights, be denied the opportunity to continue that service to our nation? Should many others in the labour field, the business field and the municipal field be denied that right? Should the many other senators in this chamber, whom I have failed to mention but whose attributes are well known, also be denied continuing their devotion to their country?

I want to turn to another aspect of my assessment of the work of the Senate, namely, Senate procedures. While MPs have complained for years—and I did while I was a member of the other house—about their lack of recognition and inability to make a contribution on behalf of their constituents, and while various committees in the House of Commons battle in frustration to overcome that lack of recognition, the solution to their problem rests right here in the Senate procedures on Orders of the Day. While MPs battle on a day-to-day basis to get recognized in the daily 45-minute question period, our procedure imposes no time limit on the question period, and gives each and every one of us unlimited opportunity to question the Leader of the Government on Canadian issues.

While MPs are frustrated in their lack of recognition to debate motions under Standing Order 43, and while private members' bills worthy of consideration die without debate, even though introduced in the interests of Canadians their sponsors serve, our Senate procedure gives each and every one of us the simple opportunity to give 48 hours' notice of any proposal we wish to make, with unlimited time to develop that proposal on behalf of Canadians.

Fortunately, honourable senators, there are some clear-thinking experts in the country, including the news media, who appreciate the value of the Senate. While there were many examples given by Senator Stanbury and others yesterday to support that value, I should like to put on the record one example to project the value of the Senate in respect of its investigative role. I quote from an editorial in the *Calgary Herald* of October 16, as follows:

> The federal government's Constitutional proposals tend to underestimate the value of various aspects of the existing governmental apparatus, especially the Senate.
>
> So it comes as something of a surprise when the usefulness of the investigative function of that body is re-emphasized, as it has been by a report of the Senate's National Finance Committee.
>
> For a mere $79,000, which covered two years of investigation of the federal government office accommodation program, the committee has produced 62 recommendations for trimming waste and extravagance, which it is estimated could save millions of tax dollars annually.
>
> Although the committee is dominated by Liberals, it was not sparing in criticism of government policies which led to waste, as exemplified in lease-purchase deals for government offices in the Hull-Ottawa area.
>
> The committee did its job under a considerable limitation in that it is not empowered to see Treasury Board and other documents.
>
> Much more is made of the Senate's weaknesses than its strengths, to the point where the federal government is now contemplating its replacement by something called the House of the Federation which, on paper at least, could have many more weaknesses than the Senate.
>
> The tendency can be strong in politics, especially when a government knows it is failing, to look into the political system for the source of problems instead of at the people who make use of the system.
>
> The latest work of the Senate Finance Committee is evidence that the present system isn't as bad as it is often made to seem if it is used effectively.

Finally, I wish to say a word or two about my very minor participation in the work of the Special Senate Committee on the Constitution, a participation which was disturbed as a

result of the by-election in my district. I take this opportunity to apologize for that interruption, and to congratulate those members of the committee who drafted its first report, which I have read with great interest.

However, honourable senators, with the greatest of respect, I should like to make two observations. The first is that I wonder why we are reluctant to fight for the Senate's continuance in its present form, with some amendments, for fear that we would be criticized for trying to save our own jobs, if we believe and know we are right. No one agrees more than I that a Constitution which served us for over 111 years must be amended from time to time in order to meet changing conditions and needs, but why change just for the sake of change without reason or justification, as is presently contemplated and proposed under Bill C-60?

My second observation follows from the first in that I detect a complex of inferiority that has set in, because if we fight for retention of the Senate in its present form it will give the impression that we are fighting for our personal survival. If we believe, each and every one of us, that we are serving Canadians and are dedicated to continue to serve, why should we not fight to overcome the misconception that pervades society about the value of the Senate? I intend to do so with conviction because I am proud of my appointment to this chamber.

I thank you for your attention.

**Senator Connolly (Ottawa West):** May I ask the honourable senator whether the reports to which he referred are reports which have been published and which can be identified, or whether they are the result of private research?

**Senator Marshall:** I had the Library of Parliament draw up a comparison between the Senate and the House of Commons. I have already instructed my secretary to send copies to all senators. This reminds me that I should take this opportunity to thank the staff of the Senate for their hard and dedicated work.

● (1050)

**Hon. A. Irvine Barrow:** Honourable senators, in rising to support the motion for an Address in reply to the Speech from the Throne, it is with a sense of pride and, at the same time, humility, that I do so. I wish to congratulate the mover and seconder of the motion on the excellent quality of their speeches. As well, I want to compliment those honourable senators who have preceded me in this debate.

Also at this time, I wish to express my sincere gratitude to His Excellency the Right Honourable Jules Léger and Madam Léger for the unique contribution they have made to Canada during their term of office in Government House. I am sure that all parliamentarians and, indeed, all Canadians share the same feelings of respect and affection for this most distinguished and gracious couple who have so ably represented Her Majesty since 1974. Our prayers and our best wishes go with the Governor General and Madam Léger as they near the end of their term of office.

I would also be remiss if I did not join all other honourable senators in complimenting our gracious Speaker on the manner in which she has so capably carried out her duties and responsibilities with such charm and distinction.

I join all of those who have paid tribute to the late Senator Joe Greene, and convey to his family my sincere sympathy in their bereavement.

Reference has been made to the retirement of Senator Alan Macnaughton. I know he will be sorely missed in this chamber and in its councils, to which he has contributed so much. With his background of experience in national and international affairs, he could be one of a vanishing species in parliamentary affairs.

Honourable senators, as part of the parliamentary process, we have heard the Speech from the Throne in which the government outlined existing conditions, and the measures which it feels are in the interests of all Canadians and which it proposes to implement during the coming months. Today, I wish to deal briefly with a few of those pressing conditions facing Canada and, in particular, the impact they have on Nova Scotia and the Atlantic region in general.

I was somewhat taken by the opening paragraphs of the Throne Speech as they related to Canada's two most pressing needs—the strengthening of our economy and the renewal of our federation. Indeed, those two inseparable imperatives are different expressions of the same goal: to strengthen Canada through unity; to unify Canada through economic strength. I suggest that all Canadians must recognize that this is not an "either/or" situation. We must be concerned with both the economy and national unity. If we concentrate on one and fail to deal with the other, we shall achieve neither. It should be clearly recognized in any discussion of Canada's future economic performance that a divided country can only result in severe economic dislocation to all of Canada.

The Throne Speech points to the fact that we must set our economic goals, and identify efforts that can be made at national and provincial levels to achieve them. While some may wish to define these goals in terms of rates of growth in gross national product, or in terms of international trade, I believe that, in the final analysis, the true test is much simpler. The test of our achievement is whether we can provide a job opportunity for every man and woman who wishes to be gainfully employed.

Economic performance in Canada, while comparable with that of any other western country, is inadequate in relation to the achievement of society's goal of meaningful employment for all Canadians. People need work. They need it as an activity as well as a source of income. Unemployment benefits, however generous, do not make unemployment tolerable.

People need the sense of purpose, the sense of belonging to a community of interest that goes with a job. To meet this need must be a truly prime concern of any society. We do not minimize the difficulty of achieving our goals while our neighbouring trade partners are underperforming. Unfortunately, there is no way that any of us can insulate ourselves from the current economic problems of North America.

Of great concern to me, beyond the general employment picture, are the particular employment problems faced by our young people today. As a nation, we are losing wealth each day because we fail to utilize fully the vital potential of our youth. It is a needless waste that must not continue. I was, therefore, somewhat encouraged to see in the Throne Speech that special emphasis is to be placed on the training and job placement of young Canadians.

Honourable senators, I recall last February, when Canada's ten provincial premiers met with the Prime Minister in Ottawa to discuss economic matters, they identified a number of major labour-intensive initiatives, and went away with the hope that quick action would be achieved in developing this country's vast untapped hydro energy potential, and in revitalizing our national railway system, our shipbuilding, steelworks, coal mines, ports, and the fishing industry.

It was felt that an accelerated effort in such projects would go a long way toward putting Canada's surplus labour force to work building assets now that would serve this country well in coming decades. Regretfully, little has been accomplished to date in bringing any of these projects forward to the point where they are able to generate any significant level of employment. The problems of transforming resolve into actual jobs requires that Ottawa, together with the provinces, strives to achieve greater momentum in getting those 12 or more major projects in various regions of Canada off the ground in order that we may begin to realize real progress in the battle against unemployment, particularly in the slow-growth regions of this country.

Nova Scotia was to benefit from such major capital projects as a new coal mine at Donkin, Cape Breton; programs to maximize benefits from the new 200-mile fisheries zone; the extension of a natural gas pipeline from Cornwall, Ontario, to the maritimes; commencement of detailed site engineering work on a Fundy tidal power plant; and improvements to the national railway system. Activity to date on these proposals has generated little employment, although the potential of each is indeed labour-intensive.

I know that major projects such as these are tremendously expensive, and there is a limit to the resources of the federal treasury. However, I would suggest that Canada cannot afford to delay these projects at the cost of continued high unemployment. The waste of human resources and a listless economy is perhaps an even more expensive price to have to pay.

There is much talk about a transfer of funds from lower priority to higher priority goals. Surely the advancement of a number of these major projects will have the desired effect of promoting job creation, stimulating private sector growth and encouraging industrial innovation.

I was pleased to read in the Throne Speech that the government is committed to continued wage restraint in the public sector by ensuring that compensation in the federal public service remains in step with that in the private sector and does not lead the way.

[Senator Barrow.]

While I am on the subject of wages in the public service, I would like to state for the record—and I believe I speak for the majority of Nova Scotians in this respect—that I am utterly appalled at the attitude of those unions and their leaders in the public service who, apparently, have no regard for the inconvenience and hardship imposed on the long-suffering public. The past few months have seen a number of strikes in the public service at all levels of government across this country. Of national prominence were a series of strikes in Air Canada and, more recently, in the postal service. The public's tolerance level for strikes in both the public and private sectors has about reached the breaking point. Indeed, I believe it has now exceeded it.

Governments must take a very tough and firm stand against public service strikes, especially when they involve the disruption of federal, provincial and municipal services and programs designed to serve the needs or to protect the rights of taxpayers as a whole.

The fact remains that Canadians, by and large, are hard-working, ambitious people. Too many who desperately want to work are without jobs. With this in mind, it is very difficult to swallow such demands as 30-hour work weeks for 40 hours' pay, when we have thousands of Canadians walking the streets who would be only too happy to have the opportunity of putting in an honest 8-hour day, 40-hour week, for a decent level of pay. There is something very wrong if government does not clamp down hard and fast on the disruptive and needless militancy that is spreading within the public sector. Why should the hard-pressed taxpayer who is footing the bill for public service salaries have to carry the further burden of disruptive service, economic dislocation and, in some cases, bankruptcy brought about by strikes in the public service?

● (1100)

Honourable senators, may I say that I support in principle the government's commitment to expenditure restraint within its own ranks. Today it is extremely important that government be held accountable for its expenditures, and that it seriously attempt to make every tax dollar do more work, or at least provide full value.

However, in the process of cutting back programs with a minimum of difficulty, the government must not reduce budgets blindly or without proper consultation with provincial governments. Unfortunately, a classic example of what I speak of is illustrated in the proposed closure of the federal fisheries research laboratory in Halifax, which was mentioned by Senator Hicks last week. This action is simply unthinkable at a time when the east coast fishery is on the verge of a dynamic resurgence which will, if properly encouraged and nurtured, result in tremendous economic benefit not only to Atlantic Canada but to the nation as a whole.

The advent of the 200-mile offshore limit has placed the east coast fishery in the position of having the potential for doubling, and possibly tripling, its production over the next ten years. In order to achieve this potential, a great number of conditions have to be met, including extensive research into such aspects of the fishing industry as the harvesting and

processing of non-traditional species, quality control of seafood, including food safety and contaminants, and the design of new fishing vessels and equipment.

The Halifax fisheries research laboratory is already a world leader in these areas of research, and is not, as some would suggest, a place where fish meal is made into flour for cookies. It must continue to provide the lead if Nova Scotia and Atlantic Canada are to develop the fishery for the maximum benefit of our people. A decision to close the fisheries research laboratory, or to cut back on its operations, is absolutely ludicrous, and should be reversed without further delay. Closing that laboratory at this point in time would be like going back 50 years to when Canadians were refused trawler licences and, as a result, had to watch the rape of our traditional fisheries by foreign powers.

Cutbacks in fisheries research, or any other activity related to the fishing industry, would be nothing less than a contradiction of the policy outlined by the government in the Throne Speech, not to mention the government's agreement last February during the First Ministers' Conference to adopt programs and measures that will maximize benefits from the new 200-mile fishing limit.

Honourable senators, the fishery is as vital a resource industry to Nova Scotia and Atlantic Canada as oil is to Alberta and potash is to Saskatchewan. But unlike those resources, the fishery is a renewable resource. Rather than thinking about expenditure restraints that can only harm the fishery, the government should be thinking in terms of offering incentives to the private sector to help Canada fully develop the fantastic potential of the fishery. In the same way that tax write-offs are given to oil exploration companies, perhaps a similar program could be applied to the east coast fishery. By offering incentives to private industry, government would greatly expedite development of this great natural resource.

I am told that in Nova Scotia alone the value of today's fishery is approximately $264 million. By 1987 the market value of fish and fish products produced in Nova Scotia could approach $1 billion annually in terms of today's dollar. The fishing industry presently employs about 11,000 fishermen directly, and, in addition, 4,500 plant workers. On top of that, there are 10,500 persons directly employed in the many support and supply industries related to the fishery. If the fishery is developed to its maximum potential, there would be another 10,000 jobs created in processing alone.

I would also point out that increased harvesting and processing activity will, in turn, present substantial opportunities for the manufacture of fisheries-related equipment and technology, which is bound to be followed by the development of a significant export industry. Of prime importance to Canada, in view of the fact that the bulk of our fish production is exported, is the gaining of valuable export dollars which will be no small contribution in assisting to overcome Canada's balance of payments deficit.

However, unless the harvesting, processing and marketing capability of the fishing industry is developed, coincident with replenishment of our stocks, the potential benefits from the resource will be unnecessarily deferred, and possibly lost in part to Canadians. It should be obvious that there is no bonanza to be had automatically from the establishment of the 200-mile limit. The new fishing limit will do nothing more than merely create a holding action in that industry unless the federal government, in concert with the provincial governments in Atlantic Canada, is prepared to make some solid commitments toward developing the east coast fishery. Such commitments are in the best interests of not only Atlantic Canada but of the nation as well.

I believe Nova Scotia, along with her sister Atlantic provinces, some months ago submitted a proposal to Ottawa which called for the replacement over a ten-year period of half the inshore fleet, and half the offshore trawler fleet. The 1977 dollar figure represents a capital investment in the order of $760 million to accomplish this. With the addition of $150 million for a starter program to replace the foreign fishing effort, the total investment will amount to some $910 million over the next decade.

Needless to say, this magnitude of activity would be an excellent beginning toward modernizing Canada's fishing fleet and helping to maximize our fishing potential, and it also underlies the tremendous opportunities that would accrue to the shipbuilding and ship-repairing industry in Nova Scotia and other maritime provinces.

Honourable senators, the Throne Speech makes the point that economic improvement alone will not guarantee a united country. While I agree with this statement, I would make the observation that the Canadian economy cannot perform that well without strong regional development. If we can attain a balanced economy throughout all regions of Canada, then our chances of staying united as one nation will be so much greater.

I have never been able to understand the argument that a strong central Canada will trickle worthwhile benefits to the slower growth areas such as the Atlantic region. I hold the view that stronger regional economies will produce in total a strong national economy. Prosperity in Quebec and the Atlantic region would mean improved markets for the manufacturing industries of Ontario, as well as a smaller drain on the federal treasury in terms of transfer payments.

Natural economic forces alone would never have created our nation, and they alone cannot sustain it. The economy remains too small, in relation to our geography, with the consequence that we limit ourselves too much to the industries that can prosper at the centre. The country as a whole cannot prosper unless we deliberately undertake national policies that moderate the centralizing tendency.

Provinces such as Nova Scotia must, therefore, support the existence of such an organization as the Department of Regional Economic Expansion. Our regret is that it is not more effective in bringing about closer attention to regional considerations within the programs of federal departments generally. DREE should have greater influence within the

federal structure, and should be given a stronger direction and more financial resources.

A prime example is transportation policy. The principle of user-pay applied to railway transport is a denial of the whole basis of Confederation. If we were to try to operate our railways on the accounting principle that each service should pay for itself, then we would not have meaningful national development, and I fear that we would not very long have a nation.

● (1110)

In short, the need is not for national programs in some compartments and regional programs tacked on in some other and inevitably smaller compartments. We need national policies with adequate regional orientations. That is true of transportation, it is true of energy, it is true of trade negotiations, it is true of agriculture and of tourism, it is true of industrial strategy and it is true of fiscal policy. Recognition of this principle is crucial to any process of constitutional realignment on which Canada and the provinces embark together.

Canada's slow growth regions look to Ottawa to make its commitment to regional development both strong and profound; not simply spending money on regional programs, but conducting all-national programs so that they help to secure vigorous, balanced growth across our country.

Honourable senators, Canadians from coast to coast will be focusing their attention on Ottawa over the next few days as the first ministers meet to begin another round of discussion and negotiation on a new Constitution for Canada. The challenge is to build a new Constitution that will secure all of Canada better, overcome the grievances of not just Quebec but of all the provinces, establish more harmonious relations between the provinces and Ottawa, and assure the survival of the country we love. Above all, the one ingredient it has to have is fairness for all Canadians and unreasonable advantage for none.

I was pleased to see in the Throne Speech the government's statement that a common starting point for constitutional reform is the retention of the monarchy. This system has worked well for Canada, and the role of the monarchy must remain unchanged in any new constitutional structure.

I would only add that a comprehensive review is unlikely to be successful if arbitrary deadlines are imposed. A fixed and rigid timetable is unrealistic and does nothing to contribute to the harmony and goodwill necessary to complete a process of constitutional review, a process that will provide the basis for all Canadians to achieve a greater measure of economic and social wellbeing and cultural fulfillment, and to establish better relations among governments.

Honourable senators, in closing I would like to comment briefly on two or three transportation matters as they relate to Nova Scotia and the Atlantic region. It goes without saying that Canada must develop a national transportation policy which reflects regional needs and which, in fact, can be used as an effective vehicle for regional economic development. Successive governments have long recognized the need to reduce regional economic disparity and have, through legislative and other action, shown the important role that transportation plays in reducing such disparity. We in Atlantic Canada have long suffered the disadvantage of having to pay higher freight rates because of our geographic location in relation to the distance from large central Canadian markets. While we have come a long way, the problem of distance to our principal markets is still very much with us and must continue to be of national concern.

The past several months have seen a good start on the building of a second container facility for the port of Halifax. Upon completion, this facility will pay even further dividends to the national economy and add yet another exciting chapter to the success story of the port of Halifax and the vital role it plays as Canada's all-year gateway for import and export traffic.

The recent addition to the Halifax international airport has added tremendously to the region's economy, and further enhances the important role that the airport plays within the national context. While the airport improvements are welcome, the disparity in national air services continues to be a serious problem for both passenger and freight movement to central Canada and points beyond. The ability to move people and goods into, out of, and within, the Atlantic region is an essential social and economic need. In this regard, I am glad to support Senator Hicks and others who call for a national air carrier other than Air Canada. Another national air carrier is badly needed. It is to be hoped the Canadian Transport Commission will look favourably upon CP Air's application to serve Halifax. This would not only provide additional air service to Nova Scotia, but would also create some healthy competition for Air Canada and would, we hope, result in improved service into and out of the region by that carrier.

One could cite many examples of how Air Canada could improve air connections out of Halifax. One badly needed connection, for instance, is a year-round direct service to New York. At the present time there is only a summer service to New York on a direct flight basis, and the service to and from Boston in terms of service and facilities leaves something to be desired.

In addition to allowing CP Air access to Halifax, it would be helpful if Eastern Provincial Airways was given an expanded role within the Atlantic region as well as permission to operate a direct Halifax-Montreal service.

Another area of concern is the federal government's desire to have Nova Scotia share the cost of non-constitutional services of the Bay of Fundy ferries. These vessels provide a vital link in the movement of goods to important United States markets, not to mention the movement of passengers and tourists to and from Nova Scotia and the maritimes in general. The province simply cannot afford to share the cost of the operation of the Bay of Fundy ferry service to and from New England.

Honourable senators, I apologize for the length of my remarks. However, I had a number of points that I wanted to

cover, and I thank you for bearing with me. These are difficult times for Canada and her people but, more important, they are exciting and challenging times which demand the best from all of us. If collectively we give our best, then Canada has a glorious opportunity to develop its great potential and become the envy of other nations.

The people of Nova Scotia are anxious and proud to participate, not as French, English or other ethnic groups but as Canadians, in the Canada that we all love so dearly.

On motion of Senator Petten, for Senator Rowe, debate adjourned.

The Senate adjourned until Tuesday, October 31, at 8 p.m.

# THE SENATE

**Tuesday, October 31, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## THE HONOURABLE ALAN A. MACNAUGHTON, P.C.

TRIBUTES ON RETIREMENT FROM SENATE

**Hon. Raymond J. Perrault:** Honourable senators, with the retirement on July 30 of the Honourable Alan Macnaughton, the Senate lost one of its most able and distinguished members.

Alan Macnaughton is a supreme parliamentarian who in his 29 years in Parliament earned the respect of all parties in both houses. He is a gifted and brilliant lawyer who once stated that a person who had educational advantages should attempt to return to his country some of what that country had given him. Alan Macnaughton has done this tenfold. He has been dedicated to service in many fields—to Parliament, his community, his country and to his fellow man.

Alan Macnaughton was first elected to the House of Commons for the new constituency of Mount Royal in 1949 and re-elected in 1953, 1957, 1958, 1962 and 1963 and became Speaker of that house in May 1963. He never lost an election; a remarkable accomplishment for those who risk the hazards of political life and know something of the electoral shoals that await unwary politicians.

He was summoned to the Senate on July 8, 1966, and for more than ten years graced this chamber with his wisdom, his charm, his charity and his capacity for work.

The Honourable Senator Walker paid eloquent tribute to Senator Macnaughton in his speech last week in this chamber. In the course of that speech he gave a thorough account of Senator Macnaughton's distinguished career, one which, far from being at an end, has branched into a new and additional range of productive and constructive endeavours.

Together with others here, I benefited greatly from his advice. All of us regret the retirement from this chamber of a most distinguished and able gentleman. Truly, Senator Macnaughton is a man for all seasons.

[*Translation*]

**Hon. Jacques Flynn:** Honourable senators, I think we should thank Senator Walker for having drawn to the attention of the Senate the fact that Senator Macnaughton was compelled to retire in July last, having reached 75 years of age.

I got to know Senator Macnaughton in the House of Commons. He was especially noted as chairman of the Committee on Public Accounts where indeed he had to face the formidable David Walker. He managed very well, as Senator Walker himself pointed out last week.

He had a distinguished career in Parliament. He also had an outstanding career at the Bar and in business where his ability was recognized by being appointed director of many companies.

Senator Perrault pointed out the fact that he was never defeated in the Mount Royal constituency. I recognize that it has a special merit, but not necessarily for a Liberal in that riding. I would say that perhaps he was unfortunate enough to give up his seat to someone who has never been defeated since then, and of course I refer to the Right Honourable Prime Minister, Mr. Pierre Elliot Trudeau. It was the best seat available for someone who did not want to carry a tough fight if he was of course a Liberal candidate.

At any rate, I think it is appropriate to underline the career of Senator Macnaughton and recall his services to the country, the House of Commons, the Senate as well as the professional milieu of the Bar and the business world. I am sure he will continue to serve his country in other endeavours outside of active politics. He is a friend whom we hope to see again as often as possible.

[*English*]

**Hon. John J. Connolly:** Honourable senators, Senator Macnaughton was my deskmate in this chamber for many years, and I should like to say just a few words about the contributions he made to the work of the Senate.

Alan Macnaughton was nearly 30 years in Parliament, as previous speakers have remarked, and that in itself is an exceptional record. In 1963 he was elected Speaker of the House of Commons, an office which none but the very good and very brave assume. However, I think we knew him best—at least I did—for his work in this chamber and, in particular, as Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce.

Alan Macnaughton will be remembered as one of the very devoted members of the Senate. Certainly he had a feel for Parliament and a love of Parliament, and a great understanding of parliamentarians and their ways. He leaves us a legacy of effective work, and the memory of a fine lawyer, a distinguished parliamentarian, and a capable friendly man.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of letters, dated October 24, 1978, from the Solicitor General of Canada to the Attorneys General of the ten provinces and the two Commissioners of the

Territories, concerning Order in Council P.C. 1978-2955, dated September 27, 1978, proclaiming the month of November 1978, firearms amnesty period.

Copies of correspondence, dated April 24, 1978 and August 17, 1978, between the Prime Minister of Canada and the Premier of Newfoundland concerning the publicity arrangements for the respective contribution towards shared-cost programs and certain joint activities in Newfoundland.

Report on the administration of the Industrial Research and Development Incentives Act for the fiscal year ended March 31, 1978, pursuant to section 17 of the said Act, Chapter I-10, R.S.C., 1970.

Copies of the proposed agenda for the First Ministers' Conference on the Constitution, to be held October 30 to November 1, 1978.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plans between The Flin Flon School Division No. 46, Flin Flon, Manitoba and certain groups of its employees represented by the United Steelworkers of America, Local 7975. Orders dated October 20, 1978.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Public Accounts of Canada, Volume I, for the fiscal year ended March 31, 1978, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of proposed standing orders of the House and rules of the Senate concerning conflicts of interests, issued by the Deputy Prime Minister and President of the Privy Council.

## RETIREMENT AGE POLICIES

FIRST REPORT OF SPECIAL SENATE COMMITTEE ADOPTED

**Senator Croll,** Chairman of the Special Senate Committee on Retirement Age Policies, presented the following report:

Thursday, October 31, 1978

The Special Senate Committee on Retirement Age Policies makes its first report, as follows:

Your committee recommends that its quorum be reduced to five (5) members.

Respectfully submitted,

David A. Croll,
*Chairman.*

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

**Senator Croll:** With leave of the Senate, now.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

• (2010)

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, November 1, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## GREAT LAKES SHIPPING

EFFECT OF SHIPPING CONTINUATION ACT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 25 a question was asked by Senator Olson with respect to the shipping dispute on the Great Lakes.

I am pleased to report that the striking marine engineers of the fleet returned to their ships as promptly as they possibly could following the enactment of the law making their strike illegal. The ships have been moving since last Wednesday and all are now back in service. The impact of the strike will be relatively minimal due to the quick intervention of the government and Parliament but, unfortunately, the production lost during those few days is unlikely to be made up during the balance of the season.

The demand on the shipping trade was already so great that there is no reserve capacity left that would make it possible to make up for the time lost. Only unusually good weather conditions towards the end of the season this coming December might achieve this. The Seaway has already extended its navigation season by four weeks since 1959 but cannot guarantee that ships still in transit on December 15, the official closing date this year, will exit the system. It cannot therefore add another week even though it would be in the public interest. This is why, as the departmental informants state so graphically, "Mother Nature will be the one to decide just how costly this strike has been."

## ENERGY

GOVERNMENT PRICE AGREEMENT WITH ALBERTA RESPECTING CRUDE OIL—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 25 a question was asked by Senator Olson with respect to the government price agreement with Alberta respecting crude oil.

The federal government has made a proposal to the Government of Alberta for a pause in the upward movement of oil prices. The Government of Alberta has taken this proposal under advisement and will presumably make its views known in due course.

The government's proposal as made last August was not a call for renegotiation of the June, 1977, understanding, but rather it was an appeal to Alberta and the other producing provinces to agree to a pause in the upward movement of oil prices having regard to the difficult national economic situation.

## THE CONSTITUTION

FIRST MINISTERS' CONFERENCE—HOUSE OF THE FEDERATION—QUESTION

**Senator Bosa:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate. Does he have any information to give the Senate in connection with the discussions that took place this afternoon at the First Ministers' Conference regarding the proposed House of the Federation?

**Senator Perrault:** Honourable senators, I can only state that I attended the very interesting meeting of first ministers this afternoon, and along with other honourable senators I was heartened by the considerable support expressed for the Senate by several of the first ministers from across this country.

## VETERANS AFFAIRS

HOSPITAL SERVICES—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government a question about a telegram sent to the Minister of Veterans Affairs by the Northeast Veterans Association of Bathurst, New Brunswick. The association complains that while hospitals to serve veterans have been built in certain areas, none have been built in the northeast part of New Brunswick, and many veterans there find themselves without a hospital bed.

Perhaps the leader could seek an explanation from the Minister of Veterans Affairs.

**Senator Perrault:** Honourable senators, I shall take the question as notice. Information will be sought as soon as possible.

## SAFE CONTAINERS CONVENTION BILL

SECOND READING—DEBATE ADJOURNED

**Hon. William J. Petten** moved the second reading of Bill S-3, to implement the International Convention for Safe Containers.

He said: Honourable senators, the object of Bill S-3 is to provide enabling legislation for the implementation in Canada of the International Convention for Safe Containers. With one exception, this bill is identical to a previous bill that received third reading with the full support of all honourable senators in the last session. Paragraph (*d*) of subsection 3(1) has been added, expressly providing authority for regulations requiring the use of both official languages of Canada on the safety approval plates affixed to containers that have been safety approved under the jurisdiction of the Canadian government.



Honourable senators will recall that the convention was adopted by the 1972 Conference on International Container Traffic that was held jointly by the United Nations Economic Commission for Europe and the Intergovernmental Maritime Consultative Organization (IMCO), a special agency of the United Nations. A Canadian delegation participated in the development of this international convention and signed it, subject to its later ratification by Canada.

The convention came into force internationally on September 6, 1977, following ratification of the convention by 10 countries. Full compliance of the convention will be required by September 6, 1982, on which date contracting parties to the convention will initiate control measures to give effect to the convention.

When the previous bill was introduced there were 12 contracting parties to the international convention. Five additional countries have ratified the convention in the interim period, including the United States of America, the United Kingdom, Japan, India and Liberia.

The convention has not yet been ratified by Canada. Upon passage of Bill S-3, Canada will issue an instrument of ratification to the international organization. The convention will come into force in Canada one year later.

Honourable senators, Canada should ratify the convention for two reasons: first of all, adherence to the Container Safety Convention by Canada will provide the degree of safety required in the container industry and ensure uniform application of national laws concerning the safe usage of freight containers in international transport. Secondly, failure to do so can have the effect of disrupting the flow of Canadian containerized goods to and from the many countries which have ratified the convention and whose regulations can penalize and detain Canadian containers.

It might be helpful at this point to identify the main provisions embodied in Bill S-3. They are as follows:

1. Container owners will obtain safety approval for containers and thereby comply with minimum safety standards, and this will be noted on the container by a safety approval plate. A valid safety approval plate will constitute a safety "passport" facilitating the movement of a container internationally.

2. Newly manufactured containers will be tested in accordance with safety standards set out in annex 2 of the convention.

• (2020)

3. Containers in service at the time the convention comes into force in Canada will be safety approved if evidence is provided as to their safe usage over a two-year period or if they meet the criteria equivalent to that required for new container approval.

4. Container owners will carry out periodic inspection of their containers in accordance with approved procedures.

5. The owner of a container will be responsible for maintaining it in a safe condition. If there is evidence to believe that the condition of the container is such as to create a risk to safety, the owner will be required to take such container out of service until it has been restored to a safe condition.

6. The convention does not apply to containers specially designed for air transport covered under the Aeronautics Act. It does allow for additional safety requirements for containers specially designed for the transport of dangerous goods, or bulk liquids and for containers when carried by air.

The spirit of the draft regulations is the wish to achieve compliance with the convention with the minimum amount of industry regulation.

Extensive consultation has taken place with the container industry and, in addition, the provinces have been consulted and generally have no problem with the convention. It applies only to containers employed in international transport and no requirement has been revealed for similar regulation of standards for containers used domestically.

Honourable senators, it is proposed that safety certification of new and existing containers will be done by utilizing the organizations already providing classification standards in Canada for ship building and structural steel construction. I am speaking of such organizations as Lloyd's Register of Shipping, Bureau Veritas, and the American Bureau of Shipping.

Actual compliance with the convention will be checked at strategic entrance and exit locations across the country by employing such personnel as customs inspectors, coast guard surveyors, and Canadian Transport Commission rail inspectors as part of normal duties and within existing resources.

In closing, honourable senators, I should like to stress that the Canadian container industry has a fine safety record, and the international convention will ensure that this standard will be maintained. Canadian ratification of the convention will reinforce world safety standards, and it will ensure that Canadian containerized goods will have an orderly flow to the many countries who have ratified the convention. It is in our best interest to proceed with the enabling legislation contained in Bill S-3, and I ask honourable senators to support this bill.

On motion of Senator Smith (Colchester), debate adjourned.

## CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Eric Cook** moved the second reading of Bill S-5, to amend the Canada Business Corporations Act.

He said: Honourable senators, I think I would be in part correct if I referred to Bill S-5 as an old friend of the Senate's. Generally speaking, the only thing new about the English language portion is that it is now Bill S-5, while last year it was Bill S-2. However, as I will mention later, the French language portion is different from that which is now the law.

During the last session on November 8, 1977, this bill was introduced into the Senate as Bill S-2. Between late November 1977 and early February 1978, the Standing Senate Committee on Banking, Trade and Commerce held several hearings on the bill and, after hearing extensive testimony from departmental witnesses, recommended some 20 substantive amendments that were agreed to by the Minister of Consumer and Corporate Affairs. These amendments were reflected in the bill when it was passed by the Senate on March 20, 1978. The bill was introduced in the House of Commons a few days later but did not proceed to second reading. As a result, the bill died on the order paper upon prorogation of the Third Session.

Notwithstanding its legislative fate, development work on the bill continued during the year. Practising lawyers, accountants, business associations and government administrators, as they gained experience working with the new law, pointed out inconsistencies in or practical problems engendered by the wording of the act. Therefore, the government has agreed to several additional, but minor, substantive amendments that are set out in this version of the bill. Virtually all of these further changes aim at simplifying and clarifying the accounting rules set out in the act, which have worked to constrain a number of unforeseen transactions that are now becoming commonplace because of amendments made last year to the Income Tax Act.

I come now to the French version of Bill S-5. Although of great practical importance to practitioners who work continually with the Canada Business Corporations Act, these substantive amendments made to the English version, so I am advised, are only a secondary objective of this bill. The principal objective of Bill S-5 is far more ambitious. It is an undertaking to enact a French version of the act that is not just a polished translation of the English, but is a correct, even elegant, statement of the law in French.

Since your committee considered the bill early this year, representatives of the Department of Justice and the Department of Consumer and Corporate Affairs have continued to meet with the special committee of the Quebec Bar, have debated their recommendations, and, wherever possible, have worked out a consensus and have proceeded to correct the French version accordingly. As a result of this process, some 60 further changes that the Department of Justice made to the French version are reflected in this bill. While admittedly not perfect, this new French version is widely accepted as a vast improvement over the French version of the present law. Needless to say, this revision work will be a continuous process but, as far as possible, minor language changes will be effected in future under the Statute Revision Act, a procedure that will obviate the preparation of particular amending acts.

At this point I would like to comment very briefly upon how impressed I have been by the work of the departmental officials who are responsible for the preparation of this bill. I am sure that all members of the Standing Senate Committee on Banking, Trade and Commerce will agree with me that a tribute is due to all who have taken part in drafting this

legislation, and in particular to Mr. John L. Howard, Q.C., Assistant Deputy Minister of Consumer and Corporate Affairs. Mr. Howard has a vast knowledge of these complicated, long and involved bills, and Canada is well served by public officials of his devotion and calibre. No one who is not a lawyer or accountant, or other trained professional involved in corporate and financial legislation, can possibly have any idea of the amount of detailed, tedious and repetitious work entailed in amending and bringing this type of legislation up to date and abreast of the best and most advanced legal, accounting and financial practices, all of which are designed to protect Canadians.

● (2030)

In conclusion, I should like to emphasize that the bill, like the act it proposes to amend, is an outstanding example of the time-consuming, detailed, but essential, technical work that is done, and done well, by our Senate committees. The bill and the proposed amendments are a credit to honourable senators who have devoted long hours to analysis and approval of the original legislation. If the bill receives second reading, I will move that it be referred to the Banking, Trade and Commerce Committee.

If and when the committee considers the bill it will be handicapped by the absence from its ranks of the former deputy chairman, the Honourable Alan Macnaughton, Q.C. As has already been stated, Alan Macnaughton is a distinguished lawyer who seldom missed a meeting of the Banking, Trade and Commerce Committee. He is perfectly at home in both the English and French languages and has a keen well-stocked legal mind. The work of the committee was greatly aided by his contributions, which were always made with his customary courtesy and tact. He will be greatly missed by all members of the committee, and will be sorely missed by me.

**Senator Walker:** Would the honourable senator be good enough to tell us whether there have been any amendments to the bill in English since it was passed on the last occasion?

**Senator Cook:** Yes. As I stated, the government has agreed to several additional minor but substantive amendments, which can be discussed in committee.

**Senator Lamontagne:** In better English.

**Senator Walker:** And better French, if that is possible. Does the English translation follow closely the French translation?

**Senator Cook:** I understand there are two independent versions of the bill, one in English and one in French.

**Senator Walker:** Do they say the same thing, or does it depend on the personality of the translators? The honourable senator said they are completely independent. If one is a duplicate of the other they would not be entirely independent. I would ask my honourable friend to consider that, because it is my intention to move the adjournment of the debate.

On motion of Senator Walker, debate adjourned.

[Senator Cook]

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 26, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. Frederick W. Rowe:** Honourable senators, I wish first to express my good wishes to you, Madam Speaker, to the Leaders of the Government and the Opposition, to the deputy leaders and the whips, and also to the chairmen of committees upon whose shoulders falls a heavy responsibility throughout the session. I would like to pay a special tribute, which I can do without any bias since I was not a member of either of the bodies concerned, to the two constitutional committees, one a Senate committee and the other a joint committee of the two houses. These two committees, in my view, are to be commended for the sacrifice they made this summer. It was a beautiful summer, I believe, in most parts of Canada, and yet the committee members were here for a good part of it, and travelling back and forth. They did, in my view—and I think this is a view shared by many people—an excellent job of studying, analyzing and commenting upon the proposals submitted to us earlier this year by the government.

Honourable senators, I could not be here last week, to my regret, and therefore could not do then what I am going to do now, which is to pay a simple tribute to my old friend Senator Joe Greene. I had the pleasure and honour of knowing Senator Greene well when he was active in the Government of Canada and I was a member of the Government of Newfoundland. Subsequently my wife and I had the opportunity of spending a couple of weeks with Senator and Mrs. Greene in Europe, which was an experience we enjoyed very much.

Senator Greene's death is a great loss to Canada. The loss did not occur last week, of course; it occurred several years ago when that young—when I say young, I mean he was relatively young, since I believe he was under 50 at the time—and brilliant Canadian was stricken physically, an event which precluded his carrying on as he had carried on up to that point in such a decisive and brilliant manner. Joe Greene was a good Canadian, and his passing creates a void in Canada. It may perhaps be a truism to say this, but I am going to say it anyway: we need more Joe Greenes in Canada, especially in this time of turbulence.

I would like to say a few words about my own province. It is almost 30 years now since the independent dominion of the British Commonwealth known as Newfoundland became a part of Canada. I was one of those who, along with thousands of others, tried to do their bit to influence Newfoundland to become a part of Canada, and I want to say now, looking back after those 30 years, that I would do the same again today. I think union with Canada has been a good thing for Newfoundland; I think also, in fairness, it has been, by and large, a good thing for Canada.

Newfoundland has had to make many complaints, however, as have other provinces, and although I am not going to go too

far into this tonight, having already made a couple of speeches on the subject in this chamber, nevertheless I must remind honourable senators that we have had occasion in particular to deplore the quality of the service given our province by that crown corporation known as the Canadian National Railways, or whatever its designation is today. We always knew it as the CNR. At this point I am going to take a moment to read again an extract from the British North America Act, which contains the terms of union between Newfoundland and Canada.

● (2040)

It says:

> At the date of Union . . . Canada will take over the following services . . .
>
> (a) the Newfoundland Railway—

It says nothing about downgrading or abolishing the railway. Implicit in that term of union is the moral and legal obligation on the part of Canada to maintain that railway to a standard at least as good as it was. In spite of all the jokes that have been made, I am able to say categorically that, having due regard for the limitations imposed by the dimensions of it, it was a good railway.

The railway was built to serve 300,000 people in Newfoundland. During the war that railway was called upon to perform services perhaps proportionately greater than any other services in the world. The railway was run into the ground and never had time to recuperate.

In 1949 the Government of Canada decided to pass the responsibility for the railway service over to the CNR, and made the CNR the instrument for the implementation of that term which I just read. No one objected to that decision. It was the common-sense thing to do. But from that date until now, the CNR has regarded the railway in Newfoundland as a "blank blank nuisance" to be gotten rid of in every devious way possible.

I say categorically—and I hope my words will be carried to President Bandeen—that the conduct, not the behaviour but the conduct, of the CNR in respect of the rail services in Newfoundland has been disgraceful from the summer of 1949 to the present day. "Scandalous" is a better word. What the CNR has done and has not done in Newfoundland in respect to that railway is a public and national scandal. I could expatiate on that *ad nauseum*, I am afraid, but I am not going to spend any more time on the subject.

While I am on the other side of the ledger, let me say that we have had reason, in recent years, to be particularly grateful to the Government of Canada for certain actions taken in respect to Newfoundland, and notably in respect to fisheries. It is ironic that only now Canada is beginning to realize that one of the greatest sources of wealth for Canada, and not only for Newfoundland, lies in the fact that the waters surrounding Newfoundland and, of course, all the other Atlantic provinces, contain one of the greatest sources of wealth on the face of this earth. Year after year we tried to point out that all we needed was for the Government of Canada to do for the fisheries what, over almost a 100-year period, they had done for agriculture. That alone would have changed the whole picture of eastern Canada.

We pointed out that within three and a half miles of the shore of Newfoundland there were scores of mighty factory ships resembling ocean liners from Russia, East Germany, Poland, Spain, Portugal and France. We pointed out that if the Soviet Union was prepared to spend billions of dollars to prosecute the fisheries four miles from the coast of Newfoundland, surely Canada was losing out somewhere. The answer we received, in effect, was that under the Constitution fisheries is a provincial matter. The Government of Russia did not leave it to the provinces, nor did the Government of Spain or Portugal. How could a relatively poverty-stricken province like Newfoundland develop and prosecute the fisheries in competition with some of the greatest and wealthiest nations on the face of the earth? It called for a national effort. For all intents and purposes for 15 or 20 years, nothing was done by the Government of Canada.

That is why it gives me particular pleasure to say how appreciative we are in Newfoundland of what has been done in recent years to develop the fisheries. Only now are we as a nation beginning to realize that this is one of the greatest national assets we have.

I want to pay a special tribute tonight to the Honourable Roméo LeBlanc. So far as the Newfoundland fisheries are concerned, he has been, in our view, and particularly in my view, a good Minister of Fisheries, an intelligent and a dedicated man. He is partly responsible, along with our own minister in the Government of Canada, for this resurgence and modernization that is taking place. It has changed the whole face of the fisheries almost overnight.

I wish to say a word on the government's constitutional proposals. This has been on all our minds, especially in the last couple of days. Indeed, they were "proposals." I think the Prime Minister and others made it clear right from the start that—they were "proposals."

I am going to express my personal view on particular aspects. This is a time of great uncertainty in Canada—and I know I am stating the obvious. We have had a lot of economic turbulence in the last several years; we have had political uncertainty of one kind or another; and we have had uncertainty about national unity. At this particular time, I think the last thing we as a nation should be doing is tinkering or fooling around with the basic institutions of our country, and I am thinking of three institutions in particular.

It is not enough for anyone to say, "Well, we don't propose to do anything substantial about the monarchy." What is important is what the people of Canada believe, and the majority of people in Canada, certainly the vast majority of people of western Canada and eastern Canada, do not want the monarchy, as we understand it, interfered with in any way at all. I feel that no matter how innocent the intentions of the government may be, it is not a good time to be tinkering with the monarchy as a national institution.

My remarks apply equally, perhaps even more so, to the Supreme Court of Canada and the Senate. We know that reform is needed in the Senate. That was brought out some seven years ago in what I call the "Molgat Report." At that time, some members of this chamber made suggestions about reform in the Senate and, indeed, those reforms could have been made. The obvious one, for example, was giving western Canada more representation in this chamber. That could have been done without in any way performing major surgery on the British North America Act. I think it could be done without reference to the act at all. I have been told that by constitutional lawyers.

● (2050)

I repeat, in my view, this is no time to be fooling around and disturbing people still more. That is what has happened. People have been disturbed. The impression is abroad in my province, and I think from travelling in other parts of Canada it is abroad all over Canada, that in some way or another there is an intention to downgrade the monarchy. I do not think there is that intention. What is important, of course, in a situation like this is not what is actual but what the people believe, what they think.

The other point I should like to express here in connection with this controversy, if we can call it that, or in connection with this discussion of recent months, is something that, I must confess, has been a surprise to me. I think it is a tribute to the people who have served in this chamber over the years, as well as to those who are serving here right now. The Senate of Canada has far more friends than most of us ever dreamed of. This has been manifested more and more every day. We see this in newspaper editorials and in statements by people who have no axe to grind at all. We see it in the fact that the provincial governments, through most of their premiers at least, have urged that there be no major surgery performed on this institution at this time. I think that is an opinion that more and more people are beginning to hold. It may be a bit surprising, but they are perhaps realizing that the Senate is doing a very necessary job. Much of the work is being done behind the scenes in ways that are not immediately apparent, but in the long-run that work is effective.

I say this is surprising, because there is no institution in Canada—I am sorry there is nobody present from the right quarter to hear me say this, but they will get it anyway—that has been victimized so much by illiterate—and I am using my words deliberately—ignorant, irresponsible and sloppy reporting as this institution, the Senate of Canada. We see it every day. We saw an example of it only last week. I will not go through it all again, but I have here a headline from a paper which has one of the largest circulations in eastern Canada, the *Evening Telegram* of St. John's, Newfoundland. This was their headline: "Senate Would Not Rush Legislation." That is the headline. Now listen to the exact words of the report, which, by the way, is under the caption of the Canadian Press. This was not some novice reporter down in St. John's or Corner Brook making this up; this is from the Canadian Press:



> The Senate refused early this morning to rush through legislation forcing inside postal workers back to work, thus giving the union and the government an extra 24 hours to try to reach a negotiated settlement.

This is hogwash. We all know that. I was here late that night, as were most of those now present, when the bill came here. It was pointed out by the opposition, and agreed to by the Leader of the Government, that whether we went to work at 12.01 or waited until 11 o'clock the next morning made no difference to the implementation of the bill; it had to wait 24 hours. That was in the legislation. But whoever wrote that report did not look at that clause, and certainly was not aware of what transpired right here at 12 o'clock that night. That is sloppy reporting.

Of course, anybody can make a mistake. The trouble is that as far as the Senate is concerned far too many mistakes are made. Far too often we have to listen—I am using strong words, and I am doing so deliberately—to ignoramuses on TV and the radio pontificating about the Senate when they don't know what they are talking about. I am sure they have never read or analyzed, and certainly do not understand, the British North America Act; they don't know the history and the whole background that gave us this chamber; they don't know, for example, that Quebec and the maritime provinces refused to come into Confederation unless this chamber as presently constituted was brought into being. Obviously they don't know or they would not talk such nonsense as they do.

The important thing about that headline is not so much the mistake and the sloppy reporting as the fact that, as far as I know, no retraction was ever made. If it was made I did not hear it on TV or on the radio, and I did not see it in this or any other newspaper, although I normally read, I suppose, eight, ten or a dozen newspapers when I am here in Ottawa. No retraction and no correction was made. No institution in Canada has been victimized so often by sloppy and irresponsible reporting as has this Senate.

I should like to make one other comment about the constitutional proposals. It is a pity that some of the government's proposed reforms, reforms that we all agree ought to be made, and changes that could be made here based on new developments, new population developments among others, new economic developments, were not made five or six years ago. Perhaps we are partly to blame for that. Perhaps if we had brought more pressure to bear in the right quarters some of these changes would have been made.

There is one other topic I want to refer to before concluding, and that is what is called the restraint program now being put into effect in Canada. Certainly not too many people would disagree with the fact that we need some restraint at this particular time. However, I suggest that such a policy is fraught with danger. One of the dangers is that funding programs can be cut back to a point where desirable standards cannot be maintained.

I would also suggest that we have to be on our guard that Canada does not lose a very proud position which it has

occupied for probably the last 50 years. It may not be precisely 50 years, but in that period Canada has been in the forefront of social legislation, along with perhaps four other countries—Denmark, Holland, Sweden and New Zealand. We were at the top in implementing enlightened human social legislation. I suggest that in the urgency to put restraint into practice there is a danger we might do irrevocable damage to that position. It would be a great pity if Canada were to lose its position in that field.

• (2100)

While I am on that topic—I was reminded of this the other day when representatives of the arts and cultural activities came to Ottawa and met, I believe, with the Prime Minister—it is only 30 or 40 years ago when, culturally, Canada, was one of the most backward countries among the western nations. It is only 30 years or so ago when we had no national ballet and no national opera. We were way behind in library services; we were way behind in offering cultural opportunities to our children. It was a disgraceful situation, because even 30 or 40 years ago Canada was relatively one of the wealthiest countries in the world.

Again we have to watch out that in cutting we do not cut too much. Let me sum it up by saying that while I am a great lover of sports, and I still participate in a number of them, Canada cannot live by hockey or football alone.

One final thought. I suppose every Canadian who has given much thought to national matters, and indeed provincial matters, in the last year or two has had periods of pessimism. I was reminded of that this fall. I think the CBC was at fault. There was a period when it seemed to me that every day the national news would come on with our mutilated dollar bill as the number one item. In a voice of doom, the reporter would say, "The Canadian dollar slipped another one-twenty-fifth of one per cent on the American market today." I know the value of the dollar is significant, but surely to heavens that does not have to be the main item of news day after day. It was number one priority, and millions of Canadians listening to this said, "My God, what is going to happen to us!"

As I say, all of us have had these moments of pessimism. From time to time I have had the opportunity, and I know other senators have had the opportunity, to be invited by university groups to meet with them and talk with them on different matters—history groups, philosophy groups and so on. I have enjoyed the experience. When I left them, I always had a feeling of optimism. I do not think any senator could sit down with 30 or 40 university students in any part of Canada and not come away feeling that in the long run Canada is going to be all right.

This may sound like a sermon or the next thing to a sermon. Actually, I do not care how it is regarded. But let us all in our own minds once more reaffirm our belief in the continuing greatness of our nation.

• (2110)

[*Translation*]

**Hon. Maurice Lamontagne:** Honourable senators, like those who spoke before me, I want first of all to pay homage to His Excellency the Governor General and his wife, to express my admiration and my loyalty to Madam Speaker and to congratulate particularly the two senators who opened this debate and those who spoke later.

Despite the eloquence of the honourable senator who spoke before me, I shall have to paint tonight a somewhat pessimistic picture. Indeed, I intend to talk only about our current economic problems. In a speech I made in this house on the same subject on June 25, 1975, I predicted the end of the last recession while most experts held the opposite view. I was called—and I am sorry that the Leader of the Opposition is not here this evening—I was called optimistic, but the events proved me right.

Today, I am afraid that I will be called pessimistic. I hope that this time the facts will prove me wrong. I now believe that we have reached the high mark in the short term economic cycle and that a new recession will start before the end of the first quarter of 1979. I do not intend to attempt tonight to justify this prediction. I intend rather to talk about the long term structural economic problems which threaten not only Canada, but all western industrialized countries.

While conventional wisdom gives us a rather optimistic picture of the long term economic situation, I shall be more pessimistic because I believe that within the next ten or 15 years, the western world, including Canada, will witness much lower growth rates than during the post-war period and that another depression is possible in a more or less distant future if we allow the present trend to continue.

[*English*]

It is obvious that the industrialized countries of the Western World have been experiencing serious economic troubles since the beginning of the 1970s. In 1975 the OECD asked a group of economists, under the chairmanship of Professor Paul McCracken, to analyze those difficulties and to propose solutions. The McCracken group presented its report, entitled "Towards Full Employment and Price Stability," in June of 1977. Its main conclusion reads:

> —our reading of recent history is that the most important feature was an unusual bunching of unfortunate disturbances, unlikely to be repeated on the same scale, the impact of which was compounded by some avoidable errors in economic policy.

• (2120)

On the basis of this optimistic assessment, the report contained the following forecast:

> We believe that the period of sustained increases, in real income and employment, is a reasonable prospect, with growth rates for real GNP averaging 5½ per cent a year for the OECD area as a whole, over the five years from 1975 to 1980.

Of course, this is completely untrue as we know it at the moment.

That report has greatly influenced the prescriptions offered by conventional wisdom. It argues that, with less government intervention, business confidence will be restored and private investment will again become the prime mover of rapid economic growth. The advice it gives to governments is to cut their expenditures, reduce their deficits and taxes, stimulate savings, encourage higher productivity, move toward freer trade, stabilize national currencies through greater exports and, in general, let market forces work as freely as possible.

This is precisely what most governments of the Western World are trying to do at the present time.

I intend to question the validity of this optimistic scenario that is presented by the current conventional wisdom. I will argue, for a few minutes, that a new economic era began during the 1970s in the Western World and that the structural factors that accounted for a very rapid economic growth and expansion during the post-war period will generate much slower growth until at least 1990.

I am not alone in that thinking. In the United States, several economists are beginning to envisage this more pessimistic scenario. Professors Allvine and Tarpley of the Georgia Institute of Technology state:

> In the late 1960s and early 1970s, certain fundamental conditions supporting an expanding economy changed, and the economy has now entered into a new era. The problems and prospects are quite different in the economy of the 1970s.

The deep troubles of most Western European countries are well known. Those of Sweden have received less publicity. But a recent article published in *Time* magazine quotes a high economic ministry official in Sweden as saying, "We have caught the English disease. It has been a numbing, demoralizing experience." The Swedish Nobel Prize winning economist, Gunnar Myrdal added:

> We are at the end of a very long development. We live in a dangerous time. It is possible that everything will go to hell.

The views of Jan Tumlir and Richard Blackhurst, two senior economists working for GATT, were recently summarized by *Business Week*, as follows:

> According to them the crisis is not cyclical but a structural phenomenon—a sort of industrial arthritis in the advanced economies. They contend that the stiffening began to overtake the industrial nations—especially the Europeans—in the late 1960s.

In my view, several factors account for the change in the fundamental conditions that had been supporting rapidly expanding economies between 1945 and 1970. I will discuss and identify briefly seven of them.

First, technological innovations. In the last two decades of the nineteenth century and early in the present century, a distinct cluster of innovations involving the creation of a vast range of new products developed into a major technological revolution, first in the United States and later in the rest of the Western World. It produced a new form of energy, namely, electricity, and three new sources of energy, hydraulic power, petroleum and natural gas. It led to a revolution in transportation, with the automobile, the truck, the tractor, and the airplane, as well as in communications with the cinema, the radio, the phonograph and later the television.

New uses for metals such as nickel, aluminum and copper were found. Wood became the raw material for the production of paper. The chemical industry developed a new range of synthetic products. The electric appliances industry appeared.

That major revolution had a tremendous potential of direct and indirect investment and employment. However, there is always a considerable time lag between the launching and the large diffusion of major innovations.

It was not really until after World War II that the full impact of technologies launched earlier began to appear. When that full impact was felt it was bound to create a long-term upsurge of economic activity. However, that revolution now appears to have reached its stage of maturity, as its great investment opportunities are becoming largely exhausted.

Moreover, there does not seem to be any new cluster of major innovations on the immediate horizon. Of course, technological progress has not come to an end. For instance, electronic equipment and components, as well as new synthetic materials, have been developed since World War II, but recent technologies seem to be related more to new processes than to new products. They involve labour-saving devices designed to improve productivity and reduce costs. Their investment and employment potential appear to be much lower than older technologies. For instance, the electronics industry, which destroys jobs throughout the economy through automation, seems to be affected at the moment by its own revolution. Total employment in that industry in the United States rose from 56,000 people in 1950 to 350,000 in 1959. It reached its peak in 1969 at 1.3 million people and stood at 1.1 million in 1975.

● (2130)

Thus, the recent evolution of technology and innovations in the Western World leads to less private investment and fewer employment opportunities, and may be seen as an important factor in the transition from an upward to a horizontal, and perhaps even a downward phase in long-term economic growth. An article entitled "Vanishing Innovation," which was published in *Business Week* last July about the situation in the United States, supports my contention in this regard.

The second factor is natural resources. In some countries of the Western World, the exploitation of new resources was a major factor in the rapid economic growth experienced during the postwar period. In Canada, however, there are growing signs that the sector of primary industries, except in the energy field, has ceased to be a major contributor to new investment and employment opportunities. The agricultural frontier is

closed. The development of new energy resources will be costly and risky. Plant obsolescence, rising costs and increasing competition on world markets from Third World countries—and I will have a few words to say about that in a moment—are affecting the forestry and mining industries.

The third factor is population growth. In a general climate favourable to economic expansion, population growth can be an important factor in long-term development in that it creates an increasing demand for a wide range of goods and services, thereby inducing private and public investments. In that context, the postwar baby boom certainly contributed to rapid economic growth. However, the boom has been over for some years. In Canada, for instance, the average annual rate of population growth was 2.7 per cent in the 1950s; 1.7 per cent in the 1960s, and 1.3 per cent in the first five years of the 1970s. While the postwar baby boom has ceased to stimulate long-term economic growth, it still contributes to the worsening unemployment picture.

The fourth factor is consumer behaviour. Rising per capita personal income was also a very important factor accounting for rising trends in economic activity during the postwar period in the Western World. As I mentioned earlier, a major technological revolution had launched a wide range of products. The depression and World War II had created a huge backlog of deferred demand for those products. Rising per capita personal income meant that a growing proportion of an increasing population could afford to buy the new goods and services.

In recent years, however, new trends have appeared. Within the framework of a given state of technology, consumption has limits. Shrinking households hesitate before buying a second car, a third television set, or even a fourth radio set. As a result, aggregate demand for the products of older industries tends to become saturated in the Western World, and a growing proportion of that saturated demand is being satisfied by cheaper imported products.

At the same time, new lifestyles have appeared, putting more emphasis on the good life, on leisure and cultural activities. The north-south movement of tourists is taking on massive proportions. Such movements are not all that beneficial to the economies of some western nations, including Canada, nor are they making any great contribution to their balance of payments. Moreover, with rising incomes, people are inclined to save more, and governments, through tax incentives, are encouraging them to do so.

A recent report indicates that personal savings in Canada increased by an average of 30 per cent between 1971 and 1976, compared with a 16 per cent annual rise during the same period in personal disposal income. All this means that a declining portion of personal income is actually spent on products and services offered by advanced economies.

The fifth factor is the Third World. For several centuries, the opening up of new geographical frontiers and the existence of economic colonies represented important markets for the goods and services produced in the Western World. That situation continued to prevail during the postwar period. External aid to the Third World was often conceived as an additional channel to market western products, and trade in military equipment rose rapidly.

The rise of Japan as a world industrial power began to alter that pattern. Today, a new model is developing in countries such as Taiwan, South Korea, Hong Kong, Singapore and Brazil—a model which mainly rests on the transfer of capital and technology rather than on the movement of goods from the west to those areas. As a result, western nations are facing increasing competition on world markets and their already saturated domestic markets are more and more invaded by cheaper imported products. This means that the Third World, instead of being a major outlet sustaining the internal expansion of the west, is becoming a threat to the further growth of western production and employment.

The sixth factor is the public sector. A new driving force that appeared in the Western World during the postwar period was the rapid development of the public sector. Military expenditures continued to rise after World War II; governments assumed responsibility for the protection of individuals and families against social insecurity and for meeting an increasing range of collective needs. That evolution meant a tremendous upsurge in public expenditures in terms of transfer payments, goods and services, and investments. More particularly, huge investments were made in transportation, communications, educational facilities, hospitals and housing.

● (2140)

In recent years, however, with much slower population growth, the need for this type of investment has substantially diminished. Indeed, there may have been over-investment in the public sector, and surplus capacity exists in certain areas such as education. Moreover, as taxes and budgetary deficits were rising, public resistance has grown against mounting government expenditures. Today, the public sector in the Western World is expanding much less rapidly than it used to some years ago, and serious attempts are being made to further reduce the process of expansion.

Finally, the seventh factor, the social climate: In the postwar period the social climate was quite favourable to economic growth and private investment. Western societies enjoyed internal peace and political stability. It was relatively easy in those years to reach a consensus on most basic issues; prices were stable, and the future could be envisaged with some degree of certainty, confidence and optimism.

Today, western societies are deeply divided and unstable. Canada is far from being unique in this respect. Most countries of Western Europe suffer in various degrees from the same social disease. Canadians seldom realize that the United States is already deeply affected by the same social disease. In a penetrating article entitled "The Balkanization of America", Kevin Phillips illustrates this thesis as follows:

> All too many examples suggest themselves: The concealing of the melting pot, and the re-emergence of ethnicity; the proliferation of sexual preferences and religious cults; the new political geography of localism and neighbour-

> hoods; the substitution of causes for political parties; the narrowing of loyalties; the fragmentation of government; the twilight of authority . . . small loyalties are replacing larger ones. Small outlooks are also replacing larger ones.

The factions composing advanced societies suffer from the complex of guilt transfer and governments have become the scapegoats. It is not really the fault of governments if older technologies have reached their maturity, if new technologies destroy more jobs than they generate, if fewer children are born and if people ask for more than they contribute, and if they want to use their rising incomes to buy foreign products, to travel abroad and to increase their savings. Yet governments are blamed for the consequences of those new trends that are leading to declining investment opportunities. As a result, political instability has developed throughout the west. The whole social climate has become confused, uncertain, and even inimical to the risk-taking that is required to sustain rising private investments and long-term growth.

Honourable senators, I have listed—and you have been very patient with me—seven major factors that could account for a fundamental change in the general economic conditions of the Western World during the coming years. The scenario I have presented is certainly more pessimistic, but perhaps also more realistic than the one envisaged by the current conventional wisdom. My scenario foresees a long interruption of rapid growth which, coupled with another recession, could mean a serious depression. It claims that western economies are facing a chronic excess of productive capacity. In that perspective, international trade deficits and monetary disorders are mere symptoms of a much deeper structural crisis.

But those symptoms in themselves are also most worrying. For instance, it is not an exaggeration to say that central banks in the United States and Canada—more particularly in the United States, and in Canada as a consequence—have lost control over monetary policy for all practical purposes. They are forced to implement successive increases in their interest rates to sustain not economic growth or the national economy, but to sustain and protect national currencies, even if such unprecedentedly high rates will inevitably contribute to further weakening of the two national economies. This paradoxical situation could mean serious trouble during the next recession.

I sincerely hope that the conventional wisdom is right, that the world will soon come out of its present troubles and resume its "normal" growth. But I suggest that it is only common prudence to consider the possibility that basic changes are occurring, and that several factors such as those I have already mentioned may lead to much slower growth rates than those enjoyed during the post-war period. That possibility should be carefully examined not only here in the Senate, but in the other place, and on a much wider platform as I shall suggest in a moment. A strategy should be developed to cope with it, because policies designed to deal with slow or negative growth are quite different from those applicable to expanding economies. If we do not have to implement those policies, little will be lost, but if the pessimistic scenario develops and if no strategy has been prepared for it, the Western World will indeed be in great difficulty.

[Senator Lamontagne.]

● (2150)

Most of us still remember, I am sure, the social, political and even military consequences of the unexpected 1930s. I suggest that the Western World is now suffering from basic problems similar to those experienced in the late 1920s, and that we are unfortunately trying to approach them with the same attitudes and the same policies.

In his message to Congress in December 1929, President Hoover was announcing measures designed to balance the budget and to tighten the money supply, thus hoping to restore confidence and stimulate private investment, in order, and I quote, "to make certain that the fundamental business of the country shall continue as usual." We all know that what happened afterwards was anything but "usual."

Today, uncontrolled international speculation on the U.S. dollar is producing a highly explosive situation more or less similar to the attacks suffered by the British pound 50 years ago. We are fighting inflation as if demand, instead of supply, was responsible. Governments are attempting to withdraw from the economic scene at a time when private enterprise suffers from chronic excess capacity and declining private investment opportunities. While nations are discussing freer trade in Geneva, they are implementing beggar-my-neighbour policies at home, as if they could export those difficulties. All those elements were present in the late 1920s. In addition, in Canada, provincial governments were then assuming, more or less as they are trying to do today, the main responsibility for defining and implementing industrial strategy.

I am convinced that the current monetary crisis is of such a nature that no country in the world, not even the United States, can go it alone. It is regrettable, therefore, that the economic summit held in Bonn last July did not consider the deeper aspects of that crisis but confined itself to the diagnoses and prescriptions of the conventional wisdom.

Perhaps the economic climate prevailing last July was not yet propitious for such a consideration.

I suggest that another summit should be held early next year. It is to be hoped that by then the European Economic Community will have agreed on its new monetary arrangements. Perhaps also by then another recession will have started and it will have become more obvious that the remedies of the conventional wisdom are not working.

Under those different circumstances, governments might well be inclined to recognize the limits of their own respective remedial powers and recognize also the need for drastic changes in their policies.

I believe that such policy changes cannot be made by one country acting alone. International co-operation and joint action, at least by governments representing industrialized countries, are absolutely essential. For those reasons, and in conclusion, I suggest that Canada take the initiative in this respect and propose the holding of another economic summit early in 1979.

[*Translation*]

**Senator Deschatelets:** Would Senator Lamontagne allow me a question?

**Senator Lamontagne:** Yes.

**Senator Deschatelets:** First I would like to congratulate you for your comments. At the same time, I hope that the scenario you have described will not develop as you predicted. You referred to six or seven factors of instability which could lead us to another depression in the near future.

I listened very closely, but I do not remember that you mentioned once the word inflation. Do you not consider that this world-wide factor is one of the factors of instability experienced in all the countries of our hemisphere as well as in Europe and for which our economists have not even yet begun to find an answer? Could you tell us a word about inflation?

**Senator Lamontagne:** Honourable senators, Senator Deschatelets says that he listened carefully to what I said, but that I did not mention inflation. In fact I mentioned it several times.

**Senator Deschatelets:** Yes, but not as a factor.

**Senator Lamontagne:** Yes, as a factor, as I said, for which supply and suppliers of goods and services are much more responsible than demand. Right now we are trying in an absolutely unrealistic way to fight against inflation as if there was an excessive demand when it is in fact more especially a development of demand, the fact that supply and suppliers have become far more monopolistic and increasingly control the prices they will ask for their products and services.

Therefore I feel that we are trying to fight inflation on the wrong front, the consequences of which are far more serious in that the fight is artificial. Because of that, we have to face the international speculation which is in the process of creating a truly explosive situation, as I said before. The situation is just as explosive as it was at the end of the '20s. The present speculation on the American dollar is no more justifiable than were the attacks of which the pound sterling was the victim in 1928, 1929 and 1930.

So, because we are fighting our battles on the wrong front, we are creating a whole artificial world: this can only lead us to catastrophe.

[*English*]

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 1, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of Report of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plan between Brooke Bond Foods Ltd., Kirkland, Quebec, and the group of its Montreal plant hourly employees represented by the Canadian Food and Allied Workers, Local 615. Order dated October 25, 1978.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 22 of the National Museums Act, Chapter N-12, R.S.C., 1970.

## NATIONAL FINANCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Everett,** Chairman of the Standing Senate Committee on National Finance, which was empowered by the Senate on November 3, 1977, to incur special expenses for the purpose of its examination and consideration of such legislation as might be referred to it, tabled, pursuant to rule 84, the expenses incurred by the committee during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## RETIREMENT AGE POLICIES

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bird be added to the list of senators serving on the Special Senate Committee on Retirement Age Policies.

Motion agreed to.

## FISHERIES

RESEARCH LABORATORY, HALIFAX—QUESTION

**Senator Smith (Colchester):** Could the Leader of the Government inform us about the present status of plans to discontinue the federal fisheries research laboratory in Halifax?

**Senator Perrault:** That question will be taken as notice, honourable senators.

## THE CONSTITUTION

EFFECT OF BY-ELECTION ON BILL TO ABOLISH THE SENATE—QUESTION

**Senator Marshall:** Honourable senators, I should like to pose a question to the Leader of the Government in the Senate.

**Senator Flynn:** I don't wonder.

**Senator Marshall:** My question has to do with the recent by-election held in the constituency of Humber-St. George's-St. Barbe, in which the NDP candidate was elected. The by-election came about as a result of my appointment to the Senate. In view of the many accolades about the value of the Senate that were bestowed at the First Ministers' Conference yesterday, particularly by Premiers Hatfield and Lyon, I wonder if the Leader of the Government would ask Mr. Stanley Knowles of the other place if he will now withdraw his bill to abolish the Senate.

**Senator Perrault:** Honourable senators, the Senate has always taken the position that there is light in the window for those who are fallen from the path and those who can be educated to a higher form of thought.

## SAFE CONTAINERS CONVENTION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Petten for the second reading of Bill S-3, to implement the International Convention for Safe Containers.

**Hon. G. I. Smith:** Honourable senators, I am sure you will be glad to know that I do not expect to detain you very long with what I have to say on this bill.

As Senator Petten said last night in his brief and clear comments, this bill appears to be an almost exact replica of Bill S-4, which we dealt with in the last session. Bill S-4 was debated at some length then by a number of senators. If anyone wishes to refer to the debate, it can be found in *Hansard* for December 8, 1977, December 13, 1977, and December 14, 1977. That bill received second reading without any substantial criticism, and was then referred to the Standing Senate Committee on Transport and Communications.

In my remarks today I shall mention only one or two points that were dealt with in last year's debate. One point is really not particularly relevant to the bill itself, except that I would

draw attention, as I did last year, to the provision of clause 5, whereby certain orders equivalent to orders in council are made by the Governor in Council. These orders shall be laid before both houses of Parliament within a certain time of being passed. Thus, the bill gives an opportunity for both houses to consider any such order.

It seems to me that in this day of such a deluge of orders about a great many things, some of which are of extreme importance to the public at large, this is a good practice to follow. I am glad to see it in this bill. It seems to me that we should encourage the practice of making sure that all orders in council or orders of that nature are, in fact, subject to review by both houses of Parliament. I do not for a moment suggest that every such order should be, because there is a myriad of them. However, there are some which are of such fundamental importance that it seems to me this opportunity for review should be contained in the legislation authorizing the orders in council that are the subject matter of the particular legislation. This would tend to make the people who draw such orders keep their mind on the responsibility of Parliament for legislation and what happens under legislation passed by that Parliament.

● (1410)

The other point I should like to mention is that I do not think there is any substantial opposition to the provisions of this bill in the trade or anywhere else. As I said during the debate last session, I had the opportunity to make some inquiries among those who are knowledgeable about the use of containers, and I found no opposition to this bill. I do not believe that situation has changed, and therefore it seems to me that there is no need now for me to go into any particular matter contained in the bill.

It might interest honourable senators to know that the bill was considered at some length by the Standing Senate Committee on Transport and Communications on Wednesday, February 8, 1978, the proceedings of which appear in issue No. 6 of that committee. Officials of the Department of Transport who attended before the committee were: Mr. Jean L. Charron, Assistant Deputy Minister, Co-ordination; Mr. Peter Cameron, Director, International Relations; Mr. Clifford A. Rose, Senior Adviser, International Relations, and Mr. Alfred Popp, solicitor.

The many questions asked by honourable senators seem to have been satisfactorily answered, because the committee reported the bill with only minor amendments that were put forward by the department itself in order to correct some drafting in the legislation which they thought should be corrected.

It is not my intention to suggest that this bill should be referred to committee again. However, I am not trying to pre-empt the right of any other senator to make that suggestion and, of course, the sponsor of the bill, Senator Petten, may have different views on the subject.

That is all I have to say. I do recommend favourable consideration of the bill.

**Senator Petten:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Petten speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Petten:** Honourable senators, there is nothing further I can really add to the excellent presentation made by my honourable colleague Senator Smith (Colchester). As Senator Smith pointed out, this bill was referred to committee in the last session, following which it received third reading in the Senate. With that in mind, I do not propose, if honourable senators see fit to give the bill second reading, to refer it to committee.

Motion agreed to and bill read second time.

**Senator Petten** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## CANADA BUSINESS CORPORATIONS ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Cook for the second reading of Bill S-5, to amend the Canada Business Corporations Act.

**Hon. David Walker:** Honourable senators, Bill S-5 is a fairly detailed bill. The bill as introduced in this session contains several minor changes, all of which are aimed at making the bill more accurate.

The sponsor of the bill, Senator Cook, outlined in a very clear way exactly what had been done. I am not quite sure of the parallel he drew as to whether the English translation follows the French or the French follows the English. In any event, it looks pretty good. There are, however, certain details we would like to have cleared up, and for that reason I would respectfully suggest that the bill be referred to Senator Hayden's committee.

Motion agreed to and bill read second time.

### REFERRED TO COMMITTEE

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

**Senator Cook** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

## SPEECH FROM THE THRONE

### ADDRESS IN REPLY ADOPTED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Rizzuto, seconded by Senator Bird, for an Address in reply thereto.

**Hon. John M. Macdonald:** Honourable senators, I suppose that by now both the mover and the seconder of the motion for an Address in reply to the Speech from the Throne feel that any congratulations offered to them on this the last day of the Throne Speech debate would be but a matter of pleasing or pleasant Senate custom. I hope they do not feel this way, for even at this late date I would like to join with those who have preceded me in this debate in extending congratulations to both the mover and seconder for a job well done. In my opinion, the first speeches on the Speech from the Throne are the most difficult to give, and I always admire those who perform this task well, as was the case on this occasion.

● (1420)

May I also extend my congratulations to our Speaker, who has presided over our deliberations with such knowledge and fairness, and in such a gracious manner. I must add, however, that I have been disappointed that she has not yet seen fit to follow suggestions I have made from time to time that she have the uniforms of the staff of the Senate in this chamber, and her own, changed from the traditional black to a more modern colour.

**Senator Langlois:** Red?

**Senator Macdonald:** Indeed, I suggest that the change from somber black to a more modern colour—say, a nice, rich crimson—would go well with this chamber.

**Senator Marshall:** How about blue?

**Senator Macdonald:** The only reason I can give why black is the traditional colour of the courts and Parliament is that black did not show the dirt. That is surely no longer an argument for continuing with the use of such somber garments. Indeed, in this day and age we should do away with any uniforms that give the suggestion we are in mourning or attending a wake.

**Senator Flynn:** Shall we change the black rod to red?

**Senator Macdonald:** I suppose, if custom is followed, much as we regret it, our Speaker will be changed in the next Parliament, so I do hope that she will read these remarks of mine and bring about what I believe will be a vast improvement, before her term of office expires.

**Senator Walker:** An early election?

**Senator Macdonald:** I would have liked an election long ago, but I was not consulted about that matter.

Honourable senators, the Speech from the Throne, as do all such speeches, contains some plans for future government action that have general approval. It is not my purpose today to mention these, because they have already been mentioned more than once by those who support the government. Nevertheless, there are a few other matters on which I should like to make a comment or two. Before doing so I want to say that I was pleased that the government stated in the Speech from the Throne that it did not intend to reduce or downgrade the role of the monarchy in our parliamentary system. I think that reference to the monarchy, even though it was inserted near the end of the Speech, showed that the government got the message that the people of Canada do not want the monarchy to be downgraded. Indeed, some suspicion remains that the government is not as innocent in this matter as it now proclaims. I found my own point of view was better stated, perhaps, than I could do myself, by an editorial in the London *Free Press* of October 13, 1978, and I would like to quote it.

> The Trudeau government's reaffirmation in the Throne Speech that it has no intention of diminishing the monarchy's role in Canada will not reassure Canadians who suspect otherwise.
>
> If the government wanted to make its point unequivocally, it should have stated clearly that it would withdraw from its proposals for constitutional reform the reference to the Queen which has fuelled fears that Ottawa is trying to reduce the monarchy's role. It has not done so; consequently suspicions will persist among those who are adamantly opposed to any tinkering with the Queen's constitutional role.
>
> Ottawa should leave the monarchy alone, and should provide supporting evidence of its intention by abandoning the redefinition of the Queen's role now contained in federal constitutional reform legislation. Many Canadians are obviously unconvinced by the government's insistence that it is merely trying to reflect the current roles of the Governor General and Queen in Canada, and is not bent on assigning the monarchy a subsidiary function.

Honourable senators, if the government wants wholly to reassure those who are still suspicious of its ultimate objectives, and I am one of them, it will withdraw from its proposals all reference to the monarchy.

There is another matter which, while not in the Speech from the Throne, has become of grave concern, and that is the relationship between the government and its employees in the public service. The recent strike of some Post Office employees brought this matter to the attention of the public in a very forceful manner. Consequently, the matter of collective bargaining, which of course includes the right to strike in the public service, is now being questioned, and from many quarters comes a demand that it be re-examined.

In order to refresh my memory, honourable senators, I read over the debates which took place in this chamber in February of 1967, when the bill was being considered which gave those in the public service the right to strike. It was a good debate and it seemed to me that the reasons given for the bill were very convincing. I believe I spoke in favour of it. It is only fair to say, however, that several senators had certain misgivings, and, indeed, such misgivings have turned out to have been only too well founded. In any event, the bill became law, and the only persons not getting the right to strike were those charged with the responsibility of providing for the safety and security of the state.

Honourable senators, when the sponsor of that bill, Senator Bourget, concluded the debate on second reading, he made an interesting observation, which I should like to quote:

> The legislation will be successful to the extent that the employer, bargaining agents and the employees they represent, are prepared to meet the challenges of collective bargaining in a mature and responsible manner. Goodwill and a spirit of "give and take" will be required on both sides of the bargaining table.

He added, "I wish them well."

How true and how far-sighted was that observation. As you know under the legislation a great many agreements have been negotiated without any strikes or threat of strikes. The recent strike of inside postal workers, however, after weeks of uncertainty, brought about a strong public demand to stop such a strike by legislation, and this was done. By so doing, of course, Parliament took away the right to strike from those employees who had been given that right in the 1967 legislation. The whole idea of strikes in what are called essential public services has been brought into question, and I believe that an examination of the 1967 legislation is now necessary to see how it can be improved so as to take care of situations where, obviously, the collective bargaining process does not work, as in the recent postal strike.

● (1430)

May I add that I do not quite understand just what happened in that case. Ordinarily, one would have expected agreement to be reached or negotiations to be broken off and a strike called long before, indeed months before, the parties finally agreed to disagree. As I understand it, the inside postal workers' agreement expired on June 30, 1977, so I presume negotiations for a new agreement began prior to that time. It was only in October of 1978, 15 months later, that negotiations were finally broken off and a legal strike called. To my way of thinking, such a prolonged period of negotiations is an abuse of the collective bargaining principle. In any event, I feel that some provision must be made to take care of such a situation in the future.

Personally, I would favour a policy by both parties to the effect—no agreement, no work. I believe there is at least one union in the United States that follows such a policy with beneficial results. As a general rule the parties come to terms eventually, so I feel it would make for a better relationship between the parties if a new agreement had to come into effect once the old one expired. Of course, such a process would imply some type of binding arbitration in those services that are considered essential by the general public.

I was interested to read an editorial in the *The Chronicle-Herald* of Halifax of October 19 last on this very point. While I think the scope is wider there than I should like or agree with as regards essential services, I think it puts the case very well. I quote a section of that article:

> The way things work now, it seems, is that, for a time after a contract expires, nothing is done. Eventually, the parties begin to negotiate. Then talks break down. A strike follows. After that, somebody begins to take the matter seriously. Government gets into the act. Eventually, if no agreement is forthcoming, binding arbitration is invoked and, ultimately, matters are straightened out. By that time, the moment is at hand for new contract bargaining and the same inane process begins again.
>
> Would not a policy work better which required that new contracts be agreed upon before the expiration of the previous contract? Would it not be preferable to impose compulsory and binding arbitration upon the parties concerned if, within a set period, say two weeks, before a contract expired a new one had not been worked out? Actually, such a practice would simply be a speeding up of what is happening now without all the inconveniences the public is called upon to sustain.

Generally speaking, I am in agreement with the remarks made here by Senator Forsey on October 24. While his language is more colourful than mine, my position is about the same. There has to be legislation to deal with this loophole in the present law. I agree with him that there is, in fact, no free collective bargaining now in essential services and, of course, there would have to be a definition or enumeration of what Parliament considers to be essential services.

I am surprised that this important matter of collective bargaining in the public service was not mentioned in the Speech from the Throne. The government must have known of the existence of the problem. Indeed, collective bargaining was mentioned at some length in the Speech from the Throne delivered on October 12, 1976. Let me quote briefly from it:

> It is intended to establish a collective bargaining information centre, which will offer objective economic and compensation data to all parties. It is also intended to encourage greater participation by plant workers in decisions affecting their working conditions; to expand labour education programs; to develop a voluntary code of fair practices; and to establish a national institution dedicated to improving the quality of life in the workplace.

It goes on further to say:

> Measures will be proposed to improve the collective bargaining system in the public service, to reduce the adversarial nature of the process and to ensure an equitable relationship between compensation levels in the public and private sectors.

Two years ago the government gave notice that it was going to deal with and improve the collective bargaining system in the public service, but nothing was done. I say that by its neglect the government as a whole, as well as the Post Office, is responsible in a large measure for the unhappy situation which now exists in the Post Office. I feel that anyone who believes that making the Post Office a crown corporation is going to cure the matter, is not being realistic.

There are, of course, many matters of interest mentioned in the Speech from the Throne apart from the many pious platitudes it contains. For example, in a vague way it mentions what I consider to be the most important issue facing us today, and that is unemployment. The Speech from the Throne mentions that:

> The major thrust of the Government's employment strategy is to encourage the creation of permanent jobs in the private sector.

In more than one place it is either stated or implied that funds for this and other works will be found by reducing unemployment insurance benefits. Therefore, in effect, it is the unemployed who have contributed to unemployment insurance and who are entitled to it who are going to be made to suffer for the failure of the government's economic policies or the lack of such policies. This proposed policy is a policy to take from those who have little in the hope it will help those who have less.

Honourable senators, in looking over prior Speeches from the Throne, one can see that the government acknowledges the existence of the unemployed. One can also see the pathetic efforts by the government to deal with the problem. The words were brave but the performance was weak.

The Speech from the Throne of 1970 stated:

> Unemployment remains distressingly high in some parts of Canada—

The 1972 Speech stated:

> Unemployment continues to be a matter of intense concern to the Government—

In 1973 it was stated that in economic policy the first objective was to expand job opportunities at a rate that would bring about a decline in the number of unemployed. In the 1974 Speech from the Throne we find it stated that a principal responsibility of the government, and one of its main policy objectives, was to maintain high levels of income, production and employment. I would ask you to make careful note of that, honourable senators. In 1976 we find this remark in the Speech from the Throne:

> In pursuit of the goal of a higher rate of employment, it will be necessary to improve the efficiency of the labour market and actively hasten the return of unemployed workers to productive effort.

● (1440)

Yet now the government, at this late date, is acknowledging the failure of its past policies and hopes now to encourage the creation of jobs in the private sector. Apparently it has abandoned the concept of direct job creation by government, as was also mentioned in the 1976 Speech from the Throne.

In my opinion, unemployment is the first and the greatest problem facing us today. I think it demands our main attention. After that will come all other matters. After that, as far as I am concerned, would come the issue of inflation, national unity, the Constitution, the distribution of powers and the like. Personally, I have not heard of many people getting too excited about the Constitution, but I have heard a great many people expressing great concern about unemployment. I say this, that among the unemployed there is a nervous suspicion that any change that the government makes in the act will be detrimental to them, and, frankly, I share that view.

[Senator Macdonald.]

Honourable senators, let us keep our priorities in mind. Unemployment must, I think, be our first concern and, if that problem can be solved, all the other matters that concern Canadians can be dealt with in due course, and in a much easier fashion.

Honourable senators, I thank you for your attention.

[*Translation*]

**Hon. Bernard Alasdair Graham:** Honourable senators, first allow me to congratulate our gracious Speaker who presides so well over the debates of our house.

I also extend my best wishes to the Governor General and his charming wife for their generous and friendly contribution to the leadership of our country. They set an example for all Canadians.

To all my colleagues who have spoken before me in the course of this debate, I offer my congratulations.

[*English*]

There are a number of things about which I should speak, but, first of all, I must mention some of the pressing issues relating to my own region of the country. I want to say a word about the coal industry in my province.

Of major significance is an offshore drilling program amounting to $12 million, financed on an 80:20 percentage basis by Canada and Nova Scotia, which is now nearing completion in the Sydney coalfield. I should first underline the importance of this program. Prior to drilling it was estimated that the probable reserves of the Sydney coalfield were about 332 million tons. In that section of the Sydney coalfield off Donkin alone the drilling program discovered reserves estimated at over 650 million tons, and the probable reserves of the whole coalfield are now estimated at 990 million tons, three times the estimate of just one year ago.

That key investment on the part of Canada and Nova Scotia led to the discovery of what might well be described as the spectacular Donkin bloc. Let me explain. To employ long-wall mining a coal seam must be over five feet high. Off Donkin there is not one but three seams five feet high or higher, layered one over the other. While detailed feasibility studies are not yet completed, it is hoped that Devco will be able to mine all three of these seams. At just two million tons of production per year—if it is confined indeed to that—that alone could represent close to 200 years of coal mining in that particular area.

You might well ask: What does all this mean for the future of industrial Cape Breton? It can mean a great deal if we proceed properly. In the summer of 1977 the first holes were drilled, and in the summer just past additional holes were drilled. In the spring of this year the federal cabinet approved the five-year plan of the Cape Breton Development Corporation, which included a new mine at Donkin, complete rehabilitation of No. 26 mine, and $66 million in improvements of rail, storage, shipping and handling facilities. That package alone amounts to $266 million. In my judgment, these developments are among the most important in that part of Canada since the beginning of this century.

There are those, of course, who want to start digging at Donkin today, but I cannot over-emphasize that the new Donkin mine and the new No. 26 mine must be developed with great care. Miners' lives and their future security depend upon how well the government and the company do their jobs. Cape Bretoners do not want mines that have to be subsidized, nor do they want mines planned on the back of an envelope. We want mines that pay. We want mines that will assist the industrial development efforts of Devco. We want mines that contribute to solving Nova Scotia's, and indeed Canada's, energy problems. We want mines that provide future employment with dignity.

Devco has hired the consultants. Devco is getting on with the job. Just as a matter of interest, Devco's Lingan mine, one of the most modern in the world, was described by a visiting German consultant recently as the most productive long-wall mine in the world. I am confident that the Donkin mine and the new No. 26 mine will be as good as, or better than, Lingan, provided, of course, they are properly planned and developed.

In relation to the overall energy question there has been considerable comment with respect to the development of Fundy tidal power. I should point out that the Fundy Tidal Power Review Board presented a report to the Nova Scotia, New Brunswick and federal governments early this year, following a two-year $3.6 million re-examination of electricity generation potential. This report makes positive recommendations on several issues. I understand that a preferred site has been identified in the Cumberland Basin. The economics of tidal energy have improved substantially, relative to alternative means of electric power generation, since the previous review of 1969, although I should point out that, as I understand it, the board's report does not offer the prospect of lower cost electricity.

The Government of Canada, through the Minister of Energy, Mines and Resources, Mr. Gillespie, has responded positively to the report, indicating that the government would support the Phase II program of pre-feasibility design to be carried out by the Maritime Energy Corporation. I understand that negotiations for the establishment of this particular corporation are continuing with the three maritime provinces. While it is obvious that I cannot speak for any of the parties concerned, I do hope that the remaining issues can be resolved by the end of 1978. The benefits of integrated planning and construction of electrical facilities are very important to reduce cost increases for electricity in the maritime region, and I believe that such integration is absolutely essential to the incorporation of tidal energy.

● (1450)

The steel industry in Nova Scotia continues to struggle through a very difficult period. The present soft nature of the market is a world-wide problem. Despite this, however, the Sydney Steel Corporation, through an aggressive, wide-ranging sales approach, has put together what appears to be a very sound order book for 1979, and further prospects appear promising. The most immediate problem, however, is plant modernization. While the prime responsibility in such a massive undertaking rests with the Government of Nova Scotia, it is hoped that studies and assessments now under way will justify the kind of major, long-term rehabilitation program which I personally would be most anxious to encourage the Government of Canada to support.

Reference has been made to federal budget cut-backs and their effect on fisheries research by the possible closure of the Fisheries Technological Laboratory in Halifax. I too have expressed concern about this, and I have discussed the question at some length with the Minister of Fisheries. In the first instance, he assures me that overall federal fisheries research is increasing, rather than declining. Since the 200-mile limit was imposed in 1977, the federal Department of Fisheries has added 125 man-years and more than $14 million to marine and fisheries research, and has had a fourfold increase of resource assessment work carried out in offshore waters. This activity will continue.

I am informed that any reduction of technological development work would only affect technological research done specifically for the benefit of the processing industry. There will be no cutback affecting fish stock research, fishing gear development or any other work in support of the primary industry.

The secondary industry work is related to such matters as the preservation and storage of fish, processing and canning technology, and new products from fish and marine plant life. The federal government's position, as I understand it, is that, although these projects are worthy, its emphasis will be on the management of the fishery itself. The minister also points out that the current prosperity in the fisheries, resulting from the 200-mile limit and the federal management policy adopted in 1975, has made the processing industry more profitable. He contends that the industry itself should now be in a better position to support technological work, and he has given assurance that the federal government will help ensure an orderly transition of this work to the private sector.

Against this background, I can only conclude that the federal government's fisheries research program is keeping pace with the advantages and opportunities developed through the imposition of the 200-mile limit. The minister is still reviewing the question of the closure of the Halifax laboratory, as indeed the minister undertook to do. In the meantime, I must say that I am personally satisfied that the primary industry, as a whole, is not only having its level of research maintained but, indeed, increased.

In the Speech from the Throne, honourable senators, the government called for action on two fronts—the strengthening of our economy, and the renewal of our federation. These subjects have been well covered by previous speakers, so I would like to use the remaining time at my disposal to touch on another subject which is causing concern, a concern which transcends partisan political lines, although I have a natural concern about my party. Who could blame me, after some of the recent by-election results.

What I am really worried about is the prevalent mood and spirit in our country. I am concerned about the negativism being displayed by Canadians. Whether it be in the media, in the home or on the streets, a profound sense of cynicism regarding our country, its institutions and its people is spreading throughout the nation. As Canadians, we have always looked to our future with a sense of optimism. We have looked to our institutions with respect and, indeed, we have looked to our fellow citizens with good will. However, at this moment in time, I believe that our spirit is sadly lacking and we seem, as a people, to be suffering from a severe case of myopia. We seem to be incapable of perceiving anyone else's problems. We are so busy gazing at our own provincial, regional, municipal or personal problems, whatever they may be, that we are unable or unwilling to focus on some of the larger issues confronting our country, and in the process we are forming countless little enclaves, each unwilling to even acknowledge the existence of the others, let alone sympathize or help with their problems.

Not too long ago I had the good fortune to attend an international conference which dealt with diverse global trouble spots. I had occasion to reflect upon the fact that in Canada we are fortunate in being able to settle our differences by the ballot, not the bullet. Yet we must be concerned by the vehemence with which our public leaders and institutions are castigated by the populace and by some members of the media.

In the past, Canadians always respected their ideological opponents, even if they did not necessarily agree with them. In the current mood of cynicism and scepticism, it seems perfectly acceptable to reduce the level of any debate to a personal one. Our society seems to be coagulating around groups or organizations whose titles invariably have the prefix "anti". How often do we see this narrow, self-interest philosophy expressed today. He or she is anti-labour, anti-French, anti-government, anti-business—anti-this or anti-that. I often wonder if there is anyone left who is for anything in our society other than his own self interest. Is there anyone left who is prepared to emphasize the positive aspects of our life in Canada, particularly when it is compared to life in other countries of the world?

I am deeply troubled that Canadians are losing faith in our institutions—the very institutions that have helped not only to build our successful and prosperous society but also to hold it together. I am not just talking about people being cynical about the federal government today. They are cynical about all governments, businesses and unions. They are cynical about the law enforcement agencies in our country. They are cynical about almost everything.

● (1500)

In my travels across the country, I find that we are becoming what one might call progressively demoralized. We are only interested in complaining about our own problems, and it is becoming increasingly difficult to turn this negativism around into a positive force. Someone said recently that we are so good at running things down, people think the country is really going down the drain. People believe that none of our institutions can be trusted. We find that not only are some people anti-government, but they are anti-black, anti-immigration, and anti-foreign aid.

More and more Canadians are adopting a personal philosophy of "me first and the devil take the hindmost." This is exactly the philosophy espoused in the current bible of the "me" generation entitled *Looking Out for Number One.* Just as distressing is that this attitude is usually strongest in the more prosperous neighbourhoods of our country. I suppose we have always been selfish to some degree, but not so long ago we had time to think of others. There was a fellowship, a companionship, a sense of compassion which we do not sense today.

While everybody argues vociferously for this or that government service to be curtailed or cut, no one is willing to forego the particular service that he or she deems essential. Thus it is that we often have the same people one week seeking higher subsidies and the following week demanding lower taxes.

I remember a year ago travelling with members of the Atlantic caucus in Atlantic Canada and listening—

**Senator Flynn:** Which caucus?

**Senator Graham:** The Atlantic Liberal caucus.

**Senator Smith (Colchester):** No wonder you didn't feel happy.

**Senator Graham:** I was happy then, and I am happy today. We heard submissions from various constituencies or elements in our society. One businessman said, "We want less government intervention; we want lower taxes; we want a new steel mill and two new coal mines," and someone interjected, "Well, would you please make up your mind.

Most of us, whether young or not so young, want everything, and we want it now—and, of course, there are many legitimate demands. But they all add up to more money at a time when the economy is giving us less, and everyone knows or should know that to take more means less for others. Yet everyone acts as though greater restraint and greater productivity should be practised by someone else.

No one denies the need for still more economic improvement and for a realistic appraisal of where weakness continues to exist. There is room for legitimate debate over what remains to be done to reduce disparities, and to give Canadians greater confidence in the future. But we should not let our concerns about the future obscure our ability to appreciate some of the advantages that we already possess. Exaggeration and distortion of problems can be dangerous. It can weaken public confidence and undermine the will essential for greater progress.

Excessive optimism, of course, is equally dangerous. In my judgment, we must be realistic in our approach to all things.

In the heat of debate, objectivity is becoming sometimes a scarce commodity. High blown partisan rhetoric is too often too emotional. But objectivity is necessary for wise decision-making, and seldom have the issues required a more sober realistic approach in our country.

Day after day, week after week, some sources in the media never cease to magnify the faults and failings of our society. They criticize our people and our institutions, failing to distinguish between constructive criticism and that criticism which has a demoralizing effect on our society. It is little wonder, then, that Canadians, force-fed a constant diet of such utter negativism, become themselves jaded and cynical.

I am afraid that we are in danger of becoming a nation of timid bystanders who do little more than criticize those who are striving, too intent on navel-gazing to perceive the larger issues challenging us, and perhaps too selfish to reach out a hand in friendship to those in need.

Our country, honourable senators, was born in a spririt of fellowship and co-operation. The pioneers who forged a nation from this land—the French, the English, the Italians, the Ukranians and the Poles, people of every ethnic origin, Canadians all—did so by helping one another during times of adversity. They were motivated by mutual respect and understanding, and love.

I am not advocating a cessation of criticism. Far from it. What is required at present is constructive comment, not demoralizing rhetoric—rhetoric which only serves to sap our collective will and confidence as a people. Of course, we have problems, but none of such magnitude that they cannot be overcome with a spirit of confidence and co-operation. Great nations such as ours were not built on petty selfish foundations, but on noble and honourable ideas. If we fail, given the resources, human and otherwise, that we have been blessed with in this land, then I conclude that there is even less hope for the countless other nations of the world that are troubled with adversities which dwarf any we are currently facing.

It is time for Canadians to put aside their partisan and regional differences. It is time for us to cast off our current pessimism. It is time for us to renew our faith in our country and its future.

As Canadians have always done, we must choose co-operation, and compromise over confrontation. In the minds and hearts of all Canadians, there must be a commitment to fairness and justice. We can, and we must, sustain our confidence. We must be bold and we must be adventuresome. We must continue to search for those directions and policies which provide equal opportunity and which make all Canadians feel at home in every part of our country.

The prospect of a still better life for all Canadians provides the impetus for an even greater effort and for a renewed commitment to fully achieve the vast untapped potential that Canada possesses.

**Hon. George I. Smith:** Honourable senators, it was not my intention to take part in this debate, and I do not now intend to do so at any length. I want to congratulate my friend and colleague from Nova Scotia on an excellent and eloquent speech. There was one point, however, that he made which I cannot let pass without comment, the reason being that I am so utterly convinced that it is so utterly wrong. I refer to the reason given by the Minister of Fisheries, and repeated today—in perfect good faith, I know—by the distinguished senator who has just spoken, but which I think is a completely wrong approach to a problem which is of the utmost importance to Nova Scotia.

• (1510)

The matter to which I refer is the philosophy which the Minister of Fisheries has put forward as his reason for thinking that it would be a good thing, or at least an excusable thing—I am not sure that he said it would be a good thing—to do away with the fisheries research laboratory at Halifax. He gives the reason, as I understand the honourable senator—and, indeed, as I understood what I read of the minister's reasoning—that it will not hurt the fishing industry in Nova Scotia if there is a reduction in the kind of research on processing and marketing which has been for so long and so efficiently carried on by that research laboratory.

I happen to hold a completely different view, because I believe that the more efficiently the catch of the fishermen can be processed once it is ashore, the more efficiently it can be marketed, and the more attractively it can be placed before the public as a nutritious and good tasting food, the better it will be for those who go down to the sea in ships to reap the harvest of the sea. It seems to me, therefore, that the minister's action in doing away with this facility, which I think everyone will agree has done a great deal over the years to encourage better and more efficient processing, better marketing and more appealing packaging, is a completely and utterly mistaken action. I think it can only arise from what begins to emerge as his philosophy, as far as I am concerned, judging from his pronouncements in Atlantic Canada in recent months. I refer to his apparent feeling that everything that is big, or anything that can be said to be owned by people of some wealth, is wrong. One has only to look at some of the speeches he has made down there to find excellent reason for believing that that is his basic philosophy.

If it were true that the removal of this facility is going to hurt only the processors, and perhaps make them dig down into their own pockets, I do not think I would be greatly concerned. If, in fact, they are able to do this, and they are the only ones to benefit from the laboratory, I suppose one would not be able to quarrel so very much with someone's saying, "Well, let them do it." But that, honourable senators, is not the case at all. What is the good of the fishermen going down to the sea and bringing home the fish if the fish cannot be efficiently processed, or cannot be marketed? Anyone who thinks that it is not going to help the fisherman himself to have this kind of facility is, to my mind, labouring under a grave misapprehension, and I think that is the case with the Minister of Fisheries.

I am reluctant to take such direct issue with my good friend and colleague, Senator Graham, and I know that he said what he did in good faith, believing that the Minister of Fisheries was right, but I just think it is so completely wrong that I could not let the matter pass without expressing an opposite opinion.

**Senator Graham:** Honourable senators—

**The Hon. the Speaker:** Do I understand that the honourable senator is going to clarify a statement he made in answering Senator Smith?

**Senator Graham:** That is correct. I hope I did not mislead honourable senators. I tried to make the point in my preamble, with respect to the development of fisheries in Canada, particularly in relation to research, that I did express concern to the minister, but that he pointed to developments which led me to believe that indeed, in the overall, research in the fishing industry in Canada is increasing, and that since the introduction of the 200-mile limit in 1977 the Department of Fisheries has added 125 man-years and more than $14 million to marine and fisheries research; so the research is not disappearing, but expanding.

The second point I tried to make was that in the minister's judgment—and I am sure that the financial statements of the industry would verify this fact—the profitability of the industry is improving, and he believes that part of this research should be carried on by the industry now that it is in a position to do so. Indeed, he expressed his willingness to aid in any transition difficulties the fishing industry may encounter in respect of the expansion of research.

Finally, with respect to the facility at Halifax, I did not say that a final decision has been made, but I did say that the matter was still under review. I said that the minister had given that undertaking, and a final decision had not yet been made.

**Senator Flynn:** There is nothing new there.

**Senator Smith (Colchester):** I do not know, honourable senators, if anything I can say can make any difference, in the light of the discussion we have just had, but I do, with the consent of the house, just wish to say that the single point I am making is that anything which contributes to the efficiency of the processing and marketing of fish is good for the fishermen, and that, essentially, is the type of work that is done by the laboratory in Halifax.

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of Senator Langlois, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

• (1520)

## THE CONSTITUTION

### CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Flynn, P.C.*).

[*Translation*]

**Senator Flynn:** Honourable senators, I have no intention of speaking today as the federal-provincial conference is still under way and it would be inappropriate for me to discuss this matter. I am willing to yield to any other senator who might want to participate in the debate. If no one does, I would then ask that this item be put on the order paper for next Tuesday.

On motion of Senator Flynn, debate adjourned.

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, November 2, 1978**

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

Prayers.

## TRANSPORT AND COMMUNICATIONS

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Smith (Colchester),** Chairman of the Standing Senate Committee on Transport and Communications, which was empowered by the Senate on November 16, 1977, to incur special expenses for the purpose of its examination and consideration of such legislation and other matters as might be referred to it, tabled, pursuant to rule 84, the expenses incurred by the committee during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## HEALTH, WELFARE AND SCIENCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Bonnell,** Chairman of the Standing Senate Committee on Health, Welfare and Science, which was authorized by the Senate on November 3, 1977, to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society, with power to incur special expenses in connection with the said examination, tabled, pursuant to rule 84, the expenses incurred by the committee in connection with the said examination during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## FOREIGN AFFAIRS

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Lafond,** for Senator van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on November 3, 1977, to examine and report upon Canadian relations with the United States, with power to incur special expenses in connection with the said examination, tabled, pursuant to rule 84, the expenses incurred by the committee in connection with the said examination during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## NATIONAL FINANCE

COMMITTEE AUTHORIZED TO EXAMINE AND REPORT ON THE ESTIMATES OF THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

**Senator Everett** moved, seconded by Senator Barrow, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the estimates of the Department of Regional Economic Expansion for the fiscal year ended the 31st March, 1978;
>
> That the papers and evidence received and taken on the subject in the two preceding sessions be referred to the committee; and
>
> That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Everett** moved, seconded by Senator Barrow, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on National Finance be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

• (1410)

## HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Giguère be substituted for that of the Honourable Senator Denis on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when

the Senate adjourns today it do stand adjourned until Tuesday, November 7, 1978, at 8 o'clock in the evening.

Before the question is put, I should like to outline the work for next week in the Senate, dealing first with committees.

On Tuesday at 2 p.m. there will be an *in camera* meeting of the Special Committee of the Senate on Retirement Age Policies, and at 2.30 p.m. the Standing Senate Committee on National Finance will meet *in camera* to examine the estimates of the Department of Regional Economic Expansion.

The Standing Senate Committee on Banking, Trade and Commerce has scheduled a meeting for 9.30 a.m. on Wednesday to consider Bill S-5, to amend the Canada Business Corporations Act. The committee may also consider Bill S-4, respecting Canadian non-profit corporations, should that bill be referred before the Wednesday meeting. Also on Wednesday the Special Committee of the Senate on the Northern Pipeline will meet *in camera* when the Senate rises.

On Thursday the Special Committee of the Senate on Retirement Age Policies will hold another *in camera* meeting at 9 a.m.; the Standing Senate Committee on Banking, Trade and Commerce will consider banking legislation at 9.30 a.m.; and the Standing Senate Committee on National Finance will meet again *in camera* on the DREE estimates.

It may be necessary to curtail the sitting of the Senate Wednesday afternoon because of committee work.

In the Senate we shall continue with the debate on Bill S-4 and the consideration of the first report of the Special Committee of the Senate on the Constitution. It is possible that at least one bill will come to us next week from the House of Commons.

Motion agreed to.

## SAFE CONTAINERS CONVENTION BILL

### THIRD READING

**Senator Petten** moved the third reading of Bill S-3, to implement the international convention for safe containers.

Motion agreed to and bill read third time and passed.

## CANADA NON-PROFIT CORPORATIONS BILL

### SECOND READING

**Hon. George J. McIlraith** moved the second reading of Bill S-4, respecting Canadian non-profit corporations.

He said: Honourable senators, it will be recalled that last year we had before us and passed a bill respecting Canadian non-profit corporations. The history of that bill is that it was introduced in the Senate, given second reading and then went to the Standing Senate Committee on Banking, Trade and Commerce, where it received a thorough examination, and some 25 amendments were made to it. The bill was then brought back to the Senate and received third reading, was passed and sent to the other place. In the other place it was not dealt with, partly because Parliament was prorogued. This being a new session, that bill has now gone.

[Senator Langlois.]

The new bill before us, Bill S-4, contains the bill as passed by the Senate during the last session of Parliament, together with some other amendments. Those amendments are not of substance or of policy, but are rather of a technical nature, and arise in a way that I will explain in a moment or two. Because of the amendments that are now in this bill that were not before us at the last session, if and when the bill receives second reading I will be asking that it be sent to the Standing Senate Committee on Banking, Trade and Commerce for detailed study.

The old bill was introduced in December 1977. It was returned to the house from the committee in the spring of 1978, and after that time, notwithstanding the hearings provided by the committee to the various groups and organizations making representations, and notwithstanding the amendments the Senate made, further representations were made on certain technical points, matters of clarification, and so on. I could probably be excused for describing those amendments as minor, but I have been around this institution and another closely related institution for long enough to be cautious and wait until they are looked at in detail. However, I believe them to be of a very minor nature.

In saying that I think this present bill should go to committee, I believe that the experience with its preceding bill last year raises an interesting point that should be mentioned, It does show the desirability for an orderly process in handling legislation. As I go through the detail of these technical amendments, it is interesting to see the type of minor omissions from the bill as we passed it that have been picked up in the interval. The point I am making here may be a side issue, but it is that it may be a good thing in the legislative process not to deal with a bill quickly, in two or three days, but to have it lying around for a while before one or other of the houses of Parliament deals with it.

The idea that legislation on important, technical and complex subjects such as this should always go through as quickly as the two houses of Parliament can debate and pass it is, to me, not a responsible view of the treatment Parliament should accord legislation. I could not help but note that in connection with this bill, the amendments made since we dealt with the old bill are, in my view, all improvements, and are, although of a minor nature, the kind of improvements that should be made to any bill before we make it the law of the land. It has been my experience that once a bill becomes the law of the land it does not get reviewed and amended quickly.

I hope honourable senators will forgive me for making that, if you like, side interjection in my remarks when asking for this bill to be given second reading. The bill itself is, I think, a credit to the work of the Senate, and I hope it will commend itself to all honourable senators. I accordingly ask for your support for second reading of the bill.

● (1420)

**Senator Molson:** May I ask the honourable senator a question? Were the suggested amendments and the points raised in the Senate committee incorporated in the new bill?

**Senator McIlraith:** Yes. There were 25 of them, some being relatively substantial. There has been no change in them, and they are all in the new bill.

**Senator Walker:** Honourable senators, whether my learned friend comes in sideways, frontways or any other way, he has clearly described the situation with respect to this bill, as he has with others. I entirely agree with what he has suggested. There is no point in discussing the bill further on second reading. All the amendments are technical or grammatical, and I subscribe to his suggestion that the bill should be referred to the Standing Senate Committee on Banking, Trade and Commerce.

**Senator Grosart:** Honourable senators, I would just like to make a comment on what Senator McIlraith called his "side interjection". He apologized for it. However, it seems to me that he did need to apologize, because he was making a very essential point.

What I understood him to say was that the passage of this bill back and forth through the two houses to its present state has indicated that there can be very great value in some delay as opposed to—to use another of his phrases—"the hurrying through of legislation."

I think we in this chamber have been guilty of a good deal of hurrying through of legislation when the hurrying through has not been necessary. At times I think we have fallen into the habit of saying too often, "With leave and notwithstanding . . ." We have almost got into the habit of forgetting the reasons for the normal delays between first, second and third readings. We sometimes forget that the purpose of those deliberate legislative delays is to let those who may be affected by a bill have an opportunity of knowing that certain legislation is proposed.

In this particular case, as Senator McIlraith has pointed out, amendments were made by the Senate committee and then by the Senate itself after a thorough examination. In spite of that, as a result of subsequent representations by those interested or affected by the bill, other amendments have been made in the bill and they are primarily good and useful amendments.

This should be a lesson to us collectively in the Senate that we may very often make a mistake when we follow this habit of hurrying through legislation. I am not now referring to those occasions towards the end of a series of sittings, whether it be a holiday, the end of a session, and so on. That is a special case. It is not a case which justifies it, but it is a special case. However, in the ordinary routine of business, we do tend to see virtue in hurrying through when, as this bill indicates, there may very well be greater virtue in taking our time and giving bills that sober second thought on which we so often pride ourselves.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator McIlraith** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until Tuesday, November 7, at 8 p.m.

# THE SENATE

**Tuesday, November 7, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## THE LATE HON. JOHN JAMES GREENE, P.C.

TRIBUTE

**Hon. Jack Austin:** Honourable senators, I rise for a few minutes to speak about the late Senator Joe Greene. I was unable to pay my tribute to him before this evening, because I have spent the last two weeks away from the Senate on public business.

I knew Joe Greene best in his role as my minister in the Department of Energy, Mines and Resources. Joe was a fine leader. He was imaginative, energetic, witty, and he was someone with whom you could have a violent Irish kind of argument for five minutes, and then you would find his arms around you and yours around him. It was a remarkable experience to serve Joe Greene.

I was with Joe in Japan when a stroke felled him in September, 1971. He was leading a government mission that was of great importance to Canada. He was totally dedicated to the work of that mission. His wife was with him. It was a great tragedy to see him felled.

All honourable senators know that the flame of life burned brightly inside the fragile shell that was Joe Greene. He never lost his will to live or his enjoyment of life. I wish to offer my sympathy to his wife, Corinne, and family and to tell them they can take great pride in the type of man that Joe was.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of reports of the Administrator under the Anti-Inflation Act, dated October 27, 1978, pursuant to section 17(3) of the Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. The Board of Health, Sudbury and District Health Unit, Sudbury, Ontario.

2. The British Columbia Construction Labour Relations Association, Vancouver, British Columbia.

3. Canadian Freightways Limited, Calgary, Alberta.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Corporation of the Town of Hearst and its administrative and office staff, dated October 12, 1978.

2. Town of Rothesay and its non-union municipal employees, dated October 23, 1978.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1977, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Public Accounts of Canada, Volume III, for the fiscal year ended March 31, 1978, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Forsey,** Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, which was authorized by the Senate on November 24, 1977, to incur special expenses in connection with its permanent reference relating to the review and scrutiny of statutory instruments, tabled, pursuant to rule 84, the expenses incurred by the committee in connection therewith during the Third Session of the 30th Parliament.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

## NORTHERN PIPELINE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Olson,** Chairman of the Special Committee of the Senate on the Northern Pipeline, which was empowered by the Senate on May 25, 1978, to incur special expenses for the purpose of its examination and consideration of such legislation and other matters as may be referred to it, tabled, pursuant to rule 84, the expenses incurred by the committee during the Third Session of the 30th Parliament.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

## BANKS AND BANKING LAW REVISION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden** moved, seconded by Senator Laird, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-15, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof," in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

## AGRICULTURE

### COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Argue** moved, seconded by Senator Yuzyk, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to hear submissions from representatives of agricultural and related industries;

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

### COMMITTEE AUTHORIZED TO STUDY CANADIAN BEEF INDUSTRY

**Senator Argue** moved, seconded by Senator Yuzyk, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Agriculture be authorized to examine and report upon any aspect of the Canadian beef industry;

That the papers and evidence received and taken on the subject in the two preceding sessions be referred to the committee; and

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada for the purposes of such examination.

**Senator Flynn:** Why do you need that?

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

**Hon. Senators:** Agreed.

Motion agreed to.

### COMMITTEE AUTHORIZED TO INQUIRE INTO THE IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN ITS REPORT "KENT COUNTY CAN BE SAVED"

**Senator Argue:** Honourable senators, this is the third of these motions which follow the pattern of those adopted in the last session.

I move, seconded by Senator Yuzyk, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Agriculture be authorized to inquire into the implementation of the recommendations contained in the Report entitled "Kent County Can Be Saved," a study into the agricultural potential of Eastern New Brunswick, of the Standing Senate Committee on Agriculture, appointed in the First Session of the Thirtieth Parliament, tabled in the Senate on 16th November, 1976, and

That the committee, or any subcommittee so authorized by the committee, be authorized to travel to New Brunswick for the purposes of such inquiry.

Motion agreed to.

• (2010)

## BANKING, TRADE AND COMMERCE

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

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, November 8, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## UNITED NATIONS

### INTERNATIONAL YEAR OF THE CHILD, 1979

**Senator Bonnell:** Honourable senators, with leave of the Senate, I should like to call your attention to the fact that the General Assembly of the United Nations has proclaimed 1979 the International Year of the Child.

I am sure honourable senators are deeply concerned that, in spite of all efforts, millions of children in developing countries are undernourished, are without access to adequate health services, are missing the basic educational preparation for their future and are deprived of the elementary amenities of life.

We are aware that in developed countries certain children, in particular those who are physically and mentally handicapped, or socially disadvantaged, require additional protection and care.

I would hope that the governments of all countries will seize the opportunity of 1979 to take measures to meet the manifold needs and rights of the child and will draw public attention to them.

I would call upon the governments of all developed countries to support the expansion of basic services for children in developing countries as part of development plans of 1979 and following years.

Finally, I would urge all national groups to promote support by their governments for the work of the national committees

of UNICEF and of the national commissions for the International Year of the Child, where these have been set up in their respective countries.

## THE CONSTITUTION

THE GOVERNMENT'S INTENTION RESPECTING THE SENATE—QUESTION

**Senator Flynn:** Honourable senators, I have a question for the Leader of the Government. I would refer him to a reply given to the Leader of the Opposition in the other place by the Prime Minister, as reported at page 720 of the *House of Commons Debates* of Thursday, November 2, 1978. I must say that the answer did not really reply to the question. The exchange between the Leader of the Opposition and the Prime Minister was as follows:

> MR. CLARK: Can the Prime Minister tell the House whether he and his government have dropped the July 1, 1979, deadline for all or any aspects of what the former Bill C-60 referred to as phase one?
>
> MR. TRUDEAU: That was not asked of me by any of the premiers either publicly or privately.

I want to emphasize what comes next. The Prime Minister continued:

> I myself announced that we would not want to proceed with the provisions of Bill C-60 which cover the Senate unless we had the unanimous consent of the provinces.

Would the Leader of the Government confirm that it is the government's position not to proceed with the proposition in Bill C-60 respecting the abolition of the Senate and its replacement by a House of the Federation, or any similar provision without the unanimous consent of the provinces, as mentioned in the reply of the Prime Minister?

That is my first question. If such is the case, does the government intend to continue with its referral to the Supreme Court of the question whether it can proceed unilaterally with these provisions, since if the government adopts the attitude that it will require the unanimous consent of the provinces such referral will be irrelevant and useless?

**Senator Perrault:** Honourable senators, because of the importance of the question I will take it as notice and attempt to have an explanation and amplification of the Prime Minister's statement available tomorrow afternoon.

**Senator Flynn:** I thought it was very clear. The reply is very clear. I am surprised that the leader should need some explanation from the Prime Minister.

**Senator Perrault:** We on this side always strive for as much lucidity and accuracy as possible.

**Senator Flynn:** When it is lucid and you try to make it more lucid you are probably going to blur the whole question.

[Senator Bonnell.]

## REMEMBRANCE DAY

OBSERVANCE BY POST OFFICE IN NEWFOUNDLAND—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government a question respecting the justifiable protest by the Newfoundland-Labrador Command of the British Legion over the fact that the Post Office in that province will, by order, observe Remembrance Day, November 11, on November 13, which contravenes the federal Holidays Act and the Newfoundland Remembrance Day Act. Would the Leader of the Government investigate this complete lack of patriotism and make demands of the other place and the government he represents to rescind that order, which is against all that Canada stands for?

**Senator Perrault:** Honourable senators, I can only report that in addition to the honourable senator's observations, a number of hard-working representatives from the Atlantic provinces who serve on the government side brought this question to my attention very early this morning. Hopefully an answer will be forthcoming shortly. If the facts are as stated, certainly they are disturbing.

**Senator Smith (Colchester):** Would the Leader of the Government also ascertain why it is that these people in the Post Office are so suddenly seized with the desire to work on any day?

**Senator Marshall:** I should like to ask a further supplementary question to help the Leader of the Government, as a result of my investigative follow-up. Would he ask the Minister of Veterans Affairs or the Postmaster General to refer to the Holidays Act, 1970, which proclaimed Dominion Day, Remembrance Day and Victoria Day, under R.S., c. 237, s.1, and also Chapter H-7 of 1970, which amended the Holidays Act, which is every proof that they are contravening the patriotism of Canada under the order that was issued?

**Senator Perrault:** The matter is under very careful scrutiny at this moment, and I hope to have a reply shortly.

• (2020)

## FOREIGN AFFAIRS

EGYPT-ISRAEL PEACE TREATY—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government in the Senate whether it is anticipated that Canada will be involved in any of the adjustments necessary as a result of the Camp David Accords, or, more specifically, the expected Egyptian-Israeli peace treaty?

At the same time I should like to say that Prime Minister Begin's visit to Canada is very welcome and timely.

**Senator Perrault:** Honourable senators, it is not possible at this time to provide a reply to that question. I shall take it as notice.

## NATIONAL CAPITAL REGION

RECONSTITUTION OF SPECIAL JOINT COMMITTEE—QUESTION

**Senator Robichaud:** Honourable senators, I should like to ask the Leader of the Government in the Senate whether it is the intention of the government to reconstitute the Special Joint Committee on the National Capital Region. If so, why the delay? If this is not the government's intention, I would ask why it is not.

**Senator Perrault:** Honourable senators, I regret that I do not have the requested information at my desk this evening. I will take that question as notice.

## BRITISH COLUMBIA

REQUEST FOR ASSISTANCE UNDER DISASTER FINANCIAL ASSISTANCE PROGRAM—QUESTION

**Senator Austin:** Honourable senators, I should like to ask the Leader of the Government in the Senate whether he has any information with respect to the request by the Province of British Columbia for assistance under the Disaster Financial Assistance Program, which is a federal-provincial agreement providing for federal assistance when requests are made by provinces under certain circumstances?

Honourable senators may appreciate knowing that west-central British Columbia has received almost 12 inches of continuous rain, has suffered from great flooding, and, amongst other damage, the main line of the Canadian National Railway has been severed and cannot be repaired for approximately five weeks.

**Senator Perrault:** Fortuitously, I have an answer to that question.

At 1 o'clock Monday, Premier Bennett sent a telex to the Prime Minister saying it was apparent that the flood situation in the Terrace-Kitimat area has caused damage to the public sector alone in excess of $2.5 million. Therefore, the province of British Columbia will be making claims under the Disaster Financial Assistance Program which provides for cost-sharing to a prescribed formula between federal and provincial governments in disaster situations.

Honourable Senator Austin may be aware that this is an automatic procedure. Once such a request is made by a provincial government, this schedule goes into effect immediately, although the actual damage figure could take many months to ascertain.

Under this formula the first dollar per capita is paid entirely by the Government of British Columbia. In this case, that amounts to $2.4 million. The next $2 per capita of damage is equally shared by the two governments. As the amount required rises, the federal government picks up a progressively higher share.

My information about the situation is that power and telephone services have been almost fully restored, and people who heat their homes with oil or electricity face no immediate problem. However, a major natural gas pipeline was severed in the Tewkla Pass area and will take some time to repair. For immediate emergencies requiring massive assistance, the provincial attorney general could have requested assistance from the Department of National Defence, but he decided this was not warranted.

I have additional information, but time will not permit me to provide it at this time. I appreciate the opportunity to reply in this full manner.

## THE CONSTITUTION

RECONSTITUTION OF SPECIAL JOINT COMMITTEE—QUESTION

**Senator Asselin:** I should like to give notice to the Leader of the Government that I shall ask the following question tomorrow: Is the government interested in reconstituting the Special Joint Committee on the Constitution?

**Senator Perrault:** Honourable senators, that question will be taken as notice.

## ADMINISTRATION OF JUSTICE

McDONALD ROYAL COMMISSION—QUESTION

**Senator Smith (Colchester):** Honourable senators, I should like to ask the Leader of the Government in the Senate a question relating to that ongoing enterprise frequently referred to as the "McDonald inquiry" into certain activities of some of the security forces of Canada.

I have been informed that there is constantly appearing before the commission individual solicitors for two former ministers of the Crown whose conduct is apparently the subject of some inquiry. I would like to know whether this is true, if so, whether these lawyers are being paid at public expense, and, if they are, why?

**Senator Perrault:** Honourable senators, that question requires a detailed answer, and I do not have the information available. A question of that kind is one which could be asked and answered better in written form. However, I shall endeavour to provide the information when it becomes available.

**Senator Smith (Colchester):** I thank the honourable senator for informing me that he could write the answer. I gave him the credit for being able to write, in any event.

## THE ECONOMY

ANTI-INFLATION PROGRAM—QUESTION

**Senator Smith (Colchester):** Honourable senators, I would ask the government leader a question on another subject which is related to some of the documents the leader tabled this evening relating to the so-called anti-inflation program. Can he tell the house what was the rate of inflation at the time the program began and what is the rate of inflation now?

**Senator Perrault:** The current figure, honourable senators, I do not have immediately available, but it is good to know that unemployment dropped to 8.2 per cent last month and our

trading surplus was over $600 million in the month of September alone.

**Senator Smith (Colchester):** It is good to note the irrelevance with which the honourable gentleman can approach any question. It would be more interesting, however, to note that he either has an answer to the question, or the prudence to say that he does not know the answer but will find out.

**Senator Perrault:** Honourable senators, the continuing attack by certain people in this country on the integrity of the Canadian economy is really not helpful to Canadians anywhere. When we talk about inflation, let me remind honourable senators that Canada has had one of the most successful fights against inflation of any industrialized country in the world, and has consistently been among the top half dozen out of 150 nations in the world. Recently, a leading world organization rated Canada number two in terms of quality of life in the world, and most Canadians would rate it as number one. So why this persistent effort by members of the opposition to denigrate the remarkable recovery under way in this country today?

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

**Senator Perrault:** Why the continuing assault on the efforts of Canadian working people and industries to improve the economy of this country—a process that is succeeding? This pessimism and negativism are some of the reasons why certain parties have never been entrusted with power in Canada for long terms in our history.

**Senator Smith (Colchester):** Honourable senators, once again I congratulate the honourable gentleman on his ability to make a speech on anything that does not relate to the question that is put to him. All I asked him was a perfectly innocent question. What was the rate of inflation when the anti-inflation program began, and what is the rate now? If he was not ashamed to answer it, he would not have permitted himself to launch into this particularly irrelevant dissertation.

**An Hon. Senator:** That is irrelevant.

**Senator Smith (Colchester):** The honourable gentleman was irrelevant for a long time and very vigorously, and I think I am entitled to be irrelevant for an equally long time and, if I can be, as vigorously.

The honourable gentleman is like some others I could name of his ilk, so nervous about their position in the eyes of the people of Canada that they begin to be entirely too sensitive about any question which relates to their performance—if one can call it that—as a government. I think it is indeed indicative of the weakness and the feeling of utter defensiveness on the part of the Leader of the Government and his colleagues that they have to resort to this type of irrelevant, loud and noisy dissertation whenever a straightforward question is asked on the state of the economy—in this particular instance, on the rate of inflation now as compared with the rate on a certain date in the past.

● (2030)

**Senator Perrault:** Well, while the honourable senator may describe a report on the improvement in the Canadian economy as irrelevant, I do not think it is irrelevant to most Canadians. Be that as it may, if the honourable senator wishes to discuss the question of inflation and Canada's performance in relation to other countries of the world, and particularly Canada's performance this year in comparison with five or six years ago, he may wish to place the subject on the order paper by way of an inquiry. The government would welcome such an initiative. We could then have a full debate in the Senate on the subject of inflation and Canada's economic performance.

The recent improvement in our economic performance is something which is heartening to many—indeed, to most—Canadians. I would have thought that even members of the party which the honourable senator purports to represent would find joy in such a development.

**Senator Smith (Colchester):** My, my, my; what a troubled or guilty conscience will drive a person to!

Let me repeat: I simply asked how the rate of inflation today compared with the rate of inflation that prevailed at the time that anti-inflation controls were imposed. And what do I find? I find the honourable gentleman so inflated with something that he desires to convert the answer to that question into a long-winded dissertation.

**Some Hon. Senators:** Question.

**Senator Smith (Colchester):** There is obviously something very severely gnawing at his sense of responsibility.

**Some Hon. Senators:** Question.

**Senator Smith (Colchester):** I hear some shouts from honourable senators opposite. They did not shout when the honourable senator took up a very substantial amount of time with completely irrelevant remarks.

**Senator McDonald:** Ask the question.

**Senator Smith (Colchester):** I did ask the question.

**Senator McDonald:** If it has been asked, sit down.

**Senator Smith (Colchester):** The honourable senator obviously has not been listening. I asked my question about 20 minutes ago. Most of the time since then has been taken up by the Leader of the Government evading it.

My question is: What was the rate of inflation when anti-inflation controls were imposed, and what is the rate of inflation now?

It is a perfectly simple, straightforward question. It could be answered either by the Leader of the Government giving the figures if he has them or, if not, by simply stating, as he has done so many times this evening, that he will make the appropriate inquiries and find out precisely what the figures are.

**Senator McDonald:** You give us the answer.

**Senator Smith (Colchester):** I do not know the answer. I am asking the Leader of the Government. After all, it is his duty to know and to provide that information.

As to the intervention of the honourable gentleman, it allows me to break into this irrelevant discussion and congratulate him upon his election to a very important post this evening.

**Senator Perrault:** Honourable senators, I do not have the current figures immediately at hand. An appropriate inquiry will go forward tommorow. However, it seems to me infinitely more important to discuss the question of inflation in the form of a debate than it is to simply produce statistics—statistics which are not immediately available.

**Senator Flynn:** That is all you need to say.

**Senator Perrault:** However, as I have said, I challenge the honourable senator to put the subject on the order paper for debate, and we can then determine and better judge Canada's economic performance.

**Senator Flynn:** Why didn't you simply give that answer in the first place? Honourable senators were calling for order. Senator Robichaud was calling for the question.

The culprit in this matter, to my mind, was the Leader of the Government. Instead of simply saying that he did not know what the figures were and undertaking to find out, he wanted to speak about something else. It is the Leader of the Government who is responsible for the fact that this discussion has been irrelevant and out of order for the last 15 minutes.

**Senator Perrault:** The question was irrelevant.

**Senator Flynn:** You are responsible for the fact that this discussion has been irrelevant and out of order for the last 15 minutes.

**Senator Lafond:** You are the judge.

**Senator Flynn:** I am the judge? Indeed, I am! Can you contest it?

**Senator Sparrow:** Would the Leader of the Government take the question as notice and answer it at a later date? Would he take it as notice now?

**Senator Flynn:** Yes, certainly he would.

**Senator Sparrow:** Would he answer that question later? I think that is what is being asked. It is just whether the rate of inflation is different as between those two periods of time. That seems to me to be a question, and this is the Question Period, I believe. Perhaps he would agree to answer the question at a later date.

**Senator Perrault:** That information will be sought, yes. The question will be taken as notice, but the honourable senator, I hope, would want a far fuller discussion of the question of inflation and not merely the production of figures.

**Senator Flynn:** Order! Order!

**Senator Perrault:** You stay where you are, honourable senator.

**Senator Flynn:** Order!

**Senator Perrault:** You must learn to writhe sitting down.

**Senator Flynn:** Order! Resume your seat when you have nothing to say.

**Senator Smith (Colchester):** Honourable senators, I do not wish to prolong this much longer, but the Honourable Leader of the Government knows that if he wants a debate on inflation he can institute it himself whenever he likes. So far as challenges go, let him challenge himself. He will find no reluctance here to discuss the question of inflation. He will find no reluctance here to acknowledge any slight improvement there has been in the economy of Canada, if indeed there has been any.

**Senator Sparrow:** Will he take the question as notice, and answer it later? Is that what we are trying to establish?

**Senator Asselin:** Are you suggesting you will take the question as notice yourself?

**Senator Sparrow:** No, I am simply asking if the Leader of the Government will take it as notice.

**Senator Asselin:** Then you will have to wait all evening to find out.

## CANADA ELECTIONS ACT

### CHANGE IN WRIT OF ELECTION—QUESTION

**Senator Forsey:** In view of the exchanges which have taken place in the last few minutes, may I pour a little oil on the troubled waters by asking a question which I am afraid is a matter of sheer curiosity? I am afraid this is another instance where the Leader of the Government will have to say that he will take the question as notice, but it has been drawn to my attention that in the revised Statutes of Canada the form for the writ of election in the Canada Elections Act ends up with the words:

> WITNESS, Our Right Trusty and Well-beloved—
>
> The Right Honourable Jules Léger.
>
> —GOVERNOR GENERAL AND COMMANDER-IN-CHIEF (or Administrator of the Government) OF CANADA.

However, in section 63, Schedule I, of chapter 3 of the Statutes of 1977-78, the amending act passed last session, approximately the same form is used, but starts off with the writ of election using the words "Deputy of the Governor General." That is an innovation. Then at the bottom it says "Witness," and there is a blank, "Deputy of Our Right Trusty and Well-beloved . . . Chancellor and Principal Companion of Our Order of Canada," and the rest of it.

I cannot help wondering why it is that the Deputy of the Governor General in this writ has been substituted for the Governor General, who always figured as the Witness, so-called, in the previous statute, and I think, if my memory serves, in other statutes of this sort time out of mind.

I would be interested to know why this very curious change was made in the statute last year. I confess I should have noticed it at the time the bill was going through and raised the question, but I am afraid I was somewhat preoccupied with another bill which was brought down by the government on which I have had perhaps rather too much to say.

**Senator Perrault:** Honourable senators, I have no information on that point, and I must take the question as notice.

**Senator Flynn:** You might refer it to the Legal and Constitutional Affairs Committee.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Flynn, P.C.*).

**Senator Flynn:** Honourable senators, I would yield to Senator Forsey, who, I understand, is prepared to speak.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

• (2040)

**Hon. Eugene A. Forsey:** Honourable senators, I confess that I rise with some disappointment, but with rather less trepidation than I should have felt otherwise, because I supposed that the Honourable Senator Flynn was going to open the ball tonight, and I have looked forward to beginning my own remarks by a warm and heart-felt eulogy of the depth, the penetration, the eloquence, the wit, and the enormous and encyclopedic knowledge which he would have displayed. Indeed, I had been intending to begin my remarks in French, but to change to English with the quotation from that familiar verse:

And still they gaz'd, and still the wonder grew,

That one small head could carry all he knew.

Now I must revise the beginning of my speech and, as I say, I feel rather less trepidation because nobody will now be able to say how dull, how mediocre, how ill-informed and how generally disappointing my speech was by comparison with that of the Honourable Leader of the Opposition. I only hope that after what I have said about the speech he might have made, he will make that speech and I shall be able to applaud with the vigour which I customarily accord to his deliverances in this house.

**Senator Flynn:** I do not think I will make the speech at all now.

**Senator Forsey:** I turn now to the substance of this matter. I hesitate somewhat to say that I think this is a very valuable report and a very well-considered report because I was myself a member of the committee and might be supposed to be taking some credit for the content of the report and for the phrasing. The fact of the matter is that, as I sat in that committee, I was more and more impressed all the time by the knowledge, the astuteness, the good sense, the judgment, and the wisdom of my colleagues and, as I said to various members of the committee, I felt humbled because over and over again they brought out points which had simply never occurred to me, and I felt like kicking myself and saying, "Well, why didn't you think of that? Why didn't you think of raising that point? Why didn't you spot that particular defect in the bill?

[Senator Perrault.]

Why did you not think of that particular suggestion for improving it?" I think we had in that committee a very remarkable example of the enormous reservoir that we have in this house of political, administrative, legal and business experience which can be brought to bear on almost any of the great variety of problems which come before us. I feel that committee gave a splendid demonstration of just how valuable and how effective this house can be and how necessary it is that we should have an upper house which will perform at least as well as this house has done and is doing.

I have been at pains whenever I have spoken on the subject of the late and, as far as I am concerned, unlamented Bill C-60—it now lies mouldering in the grave and one hopes that its soul will not go marching on—to point out that I thought there was scarcely a single member of the Senate whose attitude towards that part of the bill which dealt with the upper house was that the present Senate, as it stands, is perfect; that it is the Ark of the Covenant upon which none may lay unholy hands.

I have emphasized that over and over again suggestions have been forthcoming, sometimes very drastic suggestions, from members of this house for the improvement and the reform of this chamber. I have also been at pains to point out that, at the request of the Leader of the Government some considerable time ago—away back last year—members of the Liberal Party in this house were asked to put down in writing their suggestions for improvement in the house, and a great many of us did. I saw quite a list of these things. I do not know if I saw them all. They were forwarded, I understand, to the Prime Minister. As far as I know, that is the last that has ever been heard of them.

I very much welcome the decision that the committee should proceed to a thorough study of the composition of the upper house and proposals for its improvement. Most of us, I believe, could produce a number of proposals. Most of us, I think, would be inclined to say that there ought to be some guaranteed minimum number of opposition senators in this house. A good many of us, I think, would support the proposal of the Joint Committee on the Constitution six years ago that half of the members of the house should be appointed by the central government from lists submitted by the provincial governments. This would enable the central government to eliminate from the lists which would be provided to it by the provincial governments people who were utterly useless or people who were obviously dedicated hatchetmen sent here to prevent the legislative machinery of the country from operating.

I have sometimes sketched a possible procedure when the Government of Canada received a list of nominations from a provincial government. The government here would look at the list and say, "Number one? Oh dear, he won't do at all. Good man in his day, but he has been getting very, very feeble in the head recently. He is really of not much account in the province except as a nuisance. He just won't do at all. Number two? Wait a minute—isn't this the chap that was in the penitentiary a few years ago for embezzlement? No, we can't very well have him. Number three? Ah, a woman—point one. Point two:

her mother is French Canadian. Point three: one of her grandmothers was an Inuit. Point four: One of her grandfathers was a Ukrainian. Point five—or perhaps this should be point one: she has been extraordinarily active in all sorts of good causes and community enterprises; she is very able; and she is very highly respected. This is the one!"

You could clear out the deadwood from the list. You could clear out the pirates, the provincially dedicated hatchetmen, and you would get a much more representative body with a much wider spectrum of opinions than we have here now. I say this with all due respect to what I think is the very high quality of the members of this house at the present time. Still, I think that is one possible improvement.

Other people have suggested, of course, a term appointment of perhaps six or ten years. Some have suggested that the appointment should be renewable. Others of us have had some doubts about that because we fear that human nature being somewhat feeble, sometimes a senator whose term was about to be renewed might be casting an apprehensive glance over his shoulder and saying, "Well, I don't much like this particular piece of legislation, but I should very much like to be reappointed, so perhaps I had better be a good boy and stifle any misgivings that I have about it." I hope that anyone appointed for a term would be above such human failings, but I should like to be a little surer of it than I am. These have been some of the reforms suggested.

Then, of course, there have been other suggestions repeatedly, and I think they are becoming more marked now. I notice that this particular suggestion has recently been endorsed with great fervour by the Honourable Senator Buckwold in a speech to the Canadian Club in Saskatoon. The suggestion was for internal reform which would involve no consitutional change but might, to a considerable degree, transform this chamber. This suggestion amounts substantially to this: that there would remain, of course, a Leader of the Government in the Senate who would be a member of the ministry and a Leader of the Opposition. There would also be, elected by the senators, a Leader of the Senate who would be able to talk turkey to the cabinet and say, "If you send us a bill like that at the last moment, if you impose upon us Christmas or Easter closure, you will not get away with it. The Senate will take its time, and a proper amount of time, to consider this bill and if you don't like it, you can lump it." No minister is in a position to do that. However hard our present Leader of the Government fights for us in the cabinet, he is almost bound to be overborne by the weight of members and by the weight of the prestige of the other place. But if we had a leader elected by the senators themselves, he would be in an independent position and could take this sort of line with, I think, some real effect.

● (2050)

Another part of this bundle of suggestions is that the whips should be taken off, that there should be no whips in the upper house. Senator Buckwold, in his speech, remarked that there had been times when he had voted as he did not wish to vote on certain measures because of pressure from the whips. Well, as far as I am concerned, of course, this rolls off me like water off a duck's back, because I think it has already been evident on several occasions here that I pay no attention whatever to the whips. I vote as I see fit on each measure and I have indeed not only voted but spoken with some vigour against government measures when I thought they were foolish, ill-timed, ill-considered or dangerous.

But, on the other hand, it is quite clear that there are some honourable senators who with perhaps a lifelong or even a hereditary devotion to their party will, in spite of misgivings, "vote just as their leaders tell 'em to", if I may quote Gilbert and Sullivan.

Those are some of the suggestions that have been made for reform. There are plenty of others. There have even been suggestions for making the Senate an elected body, an idea which I am not very much enamoured of, I must confess, because if you made it an elected body and gave it real power, then it would promptly become a rival of the House of Commons and you would have a succession of dogfights, death grapples, between the two houses. You might even have a repetition here of what happened in Australia three years ago, when an elected Senate forced out of office a government with a clear majority in the lower house. I can't believe that any House of Commons in Canada, or any government in its right mind, would contemplate such a thing.

The answer to that, of course, is "Well, you could give the elected Senate very few and small powers." I don't think this would work, because I think that the people who want to have an elected Senate—notably, perhaps, some of the provinces—would not be satisfied with a body which was merely a sort of debating society or an advisory committee. They would insist that an elected Senate should have very wide powers, and the wider the powers it had, the more it would be tempted to set itself up as a rival of the House of Commons. The wider the powers it had, the more these senators, with the enormous political clout which they would enjoy, would puff out their chests, wave their arms, wave their fists and say, "You think you are the representatives of the people—you in the other place. We represent the people just as much as you do, and perhaps more so," especially, of course, if they were elected by a province-wide vote, and they could then proceed to look down their noses at mere members of the House of Commons elected by a constituency of perhaps, at the outside, 85,000, 90,000 or 100,000, when a senator from Ontario, elected by the whole province, could say, "I represent millions of electors."

Anyway, the Senate committee will, I think, consider all these and many other suggestions, and, I think, with a completely open mind; not without certain convictions, but open to argument, open to persuasion.

I may remark in passing that—I can't say who it was who said this to me—but honourable senators may be interested to know that one day when I was walking out of the joint committee of the two houses on Bill C-60 a very prominent member of the lower house, who is no friend of the Senate, said to me this, unsolicited, spontaneously: "I have been

impressed by the contributions to this committee of the Senate members of the committee, and I acquit the senators absolutely of any charge of self-interest."

If I could say where that came from, I think you would agree it would be a case of "And e'en the ranks of Tuscany could scarce forbear to cheer." Unfortunately as it was a private conversation, I can't say where it came from, but I can tell you that it came from somebody who is certainly no friend of the Senate and who had evidently been impressed by the sheer quality and weight of the contributions that senators had made to the proceedings of that joint committee.

I think our own committee's report has, among other things, the merit of being couched in very careful and moderate terms. It makes certain points and makes them very firmly. But it does it in a way that I think nobody could call unduly provocative. I think it's perfectly evident—it was evident throughout the proceedings of the committee, and I think it's perfectly evident in the report—that the members of the committee approached their task without any trace of partisanship; and as one who sits, even if perhaps somewhat uneasily at times, on the government side, I should like to pay my heartfelt tribute to the members of the opposition on that committee who made most valuable contributions and without the slightest trace, that I could discover, of any partisanship whatever.

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

**Senator Forsey:** I want to look at one or two—perhaps more than one or two—of the specific things that the committee said. It's a very comprehensive report, far more so than that of the joint committee of the Senate and the House of Commons. That committee made a valuable report, but confined itself almost entirely to the Charter of Rights and Freedoms and on other matters twittered pleasantly and non-committally, but took no particular stand; whereas our committee's report, I think, is very definite, much more comprehensive, and on a variety of matters does take a very definite stand.

First of all, on the question of the position of the Queen and the Governor General, I think that our committee has made very sensible suggestions in a most unprovocative way. It suggests even certain amendments—but, of course, without going into detail; and I think it's safe to say that consequential amendments might be required in the redrafting of the bill.

One of the recommendations it makes removes any necessity for a specific recommendation on that extraordinary part of clause 48(2), I think it was, which says, in a phrase of insufferable condescension, that when the Queen is in Canada she would not be "precluded" from exercising the powers of the Governor General.

I should personally have liked something a little more acid in it than what we get here, but I agree that when the committee had made its statement—this is an example of how unprovocative it was—when it had made its statement about the substantial amendment that was required, it removed the necessity for a specific comment of the somewhat acerbic kind that I have just indulged in on clause 48(2).

[Senator Forsey.]

I am glad to see that there is something in here about the necessity of providing some security of tenure for the Governor General. As honourable senators will doubtless recall, three years ago in Australia, the Governor General acted with great celerity in exercising his reserve power to dismiss the government of Mr. Whitlam; and I happen to know, from the manuscript of the book which Sir John Kerr has now written on this—and which I think will be appearing in print in Australia in a few days—I happen to know that in the course of the discussions that went on, at least once, if not twice, Mr. Whitlam said to him, "Well, it's a question of whether I'll sack you first or you'll sack me."

The fact of the matter is that if Mr. Whitlam had been just a little quicker on the draw, he might have recommended to the Queen the dismissal of Sir John Kerr, the Governor General, before Sir John Kerr could recommend the dismissal of Mr. Whitlam; and this would have completely frustrated the operation of responsible cabinet government in Australia, because the situation was that the upper house was refusing to pass a supply bill. It was going to leave the Government of Australia minus about 40 per cent of the funds which it required for carrying on the public business. The situation which would have resulted was described by some of Mr. Whitlam's own ministers as "economic collapse", "economic chaos". They have, apparently, in Australia nothing like our section 23, I think it is, of the Financial Administration Act providing for Governor General's Special Warrants, and Mr. Whitlam, unable to get supply, unable to get the money he needed, with no prospect whatever of getting it for months and months and months upon end, refused either to resign and make way for another government or to advise the dissolution either of the lower house or of the two houses, which, of course, there is provision for in the Australian Constitution.

• (2100)

It was, in my judgment, absolutely essential that the Governor General's reserve power to dismiss Mr. Whitlam for this unconstitutional conduct should be exercised, but it was a very close run thing, as the Duke of Wellington said of the Battle of Waterloo. It might easily have been that economic collapse or economic chaos might have supervened because the prime minister had managed to get in his recommendation—his advice—to the Queen to dismiss the Governor General before the Governor General could exercise the reserve power necessary to preserve parliamentary, responsible government in Australia.

So I think it is important that there should be, in any revised bill, some provision for security of tenure for the Governor General, so that he would be in a position to exercise his reserve, emergency powers to preserve parliamentary government—responsible, cabinet government—if the occasion arose. It is, of course, extremely unlikely that such an occasion would arise, but every now and again you do get some prime minister in some jurisdictions, at least, who loses his head completely, as Mr. Whitlam did, and it is necessary to have some kind of safeguard against this.

I may remark, in passing, that if it comes to that, we had an occasion in this country when a prime minister very nearly lost his wits in this matter. One week after the election of 1925, which returned 101 Liberals—the government party, Mr. Mackenzie King's party—out of a house of 245, and one month and two days before the new Parliament could legally come into existence, Mr. King claimed he had three courses open to him: one, to meet Parliament—correct—two, to resign—correct—three, to ask for an immediate second dissolution of Parliament before the new Parliament could even meet. Fortunately, he retained enough common sense not to invoke this third, supposed and, of course, completely subversive right, which would have amounted to constitutional abortion on demand. But that is an indication that even a statesman of the astuteness, shrewdness and experience of Mr. Mackenzie King, was capable of coming very close to losing his wits in such a matter, and it might easily have been necessary in those circumstances for the Governor General to say, "I am very sorry, Prime Minister, but if parliamentary government means anything at all, surely it must mean that a newly elected Parliament must at least be allowed to meet and see if it can transact business."

It is because of these considerations that I am so glad that the committee reported that there should be some provision for the security of tenure of the Governor General.

I am glad also that there appears in the committee's report a moderately stated but very clear and very firm repudiation of that extraordinary provision which got into the bill, heaven alone knows how, to the effect that a defeated Prime Minister, censured by the House of Commons, the subject of a vote of want of confidence by the House of Commons, should have the right, and indeed, as the bill was framed, even the duty, to advise the Governor General whether he, the defeated Prime Minister, should be called upon to form a new administration. When I read that provision of the bill I thought, to use the phrase of P. G. Wodehouse, as if my eyes had handed in their portfolio. I could scarcely believe that any such thing would get into a bill on constitutional revision, and I said, on more than one occasion, publicly, "Just fancy: a defeated Prime Minister prancing into Government House and saying, 'Well, Your Excellency, I have just been censured by the House of Commons. I now recommend that you commission me to form a new administration.' "

When I produced this in the presence of one of the bill's defenders from the other house, he said, airily, "Oh, that would be perfectly easily dealt with. The House of Commons would defeat him." I then said, "Yes, and then he would prance into Government House and say, 'Your Excellency, I have now been twice censured by the House of Commons. My claim to form a new administration is therefore now twice as strong as it was yesterday, or the day before, when I made my previous recommendation.' "

I am glad to see that that gets properly jumped on, even if in very careful and moderate terms, because it would be an affront to common sense, and utterly subversive of responsible cabinet government, and subversive of the powers of the House of Commons, and it would signally fail to measure up to the government's statement that provisions dealing with the executive were simply intended to state existing practice in contemporary terms.

I am delighted, also, to notice in the report the warning against excessive codification.

**Senator Roblin:** Hear, hear.

**Senator Forsey:** I think we English-speaking people have a tendency to be perhaps rather too wary, in many instances, of getting things down in black and white, as sometimes our French Canadian, and, I might add, our Scots, fellow citizens would prefer to do. I think we can learn in that respect. There are things that are not codified now that perhaps should be. I think, on the other hand, that it is very dangerous to go overboard with a loud splash in favour of codification of practically everything you can think of. Some people complain bitterly of what they call the silences—the gaps—in the British North America Act: the things that are not put down in black and white. I contend that those are among the greatest glories of the British North America Act, because they leave room for manoeuvre, for adaptation, for adjustment, for innovation, and for—and I quote a favourite phrase of mine which honourable senators have heard me use before, from Sir Robert Borden—"the exercise of the commonplace quality of common sense."

The report mentions only one of the difficulties about codifying everything in the way of customs, conventions and usages which form so large a part of our working Constitution now. There are others, and very serious ones. One is that if you codify a convention, custom or usage at the point it has reached at this particular moment, you freeze the thing, and you may be preventing very important and desirable changes.

Most of us, I think—well, perhaps that is too rash a statement—many of us, I think, would be inclined to say that at present the power of the executive, the power of the cabinet, and perhaps particularly the power of the Prime Minister, has reached a point almost unprecedented in history. Many of us, I think, would be inclined to say that the power of the Prime Minister has increased, is increasing, and ought to be diminished. The older ones among us might sigh for the days when Sir William Harcourt could say of the position of the Prime Minister of the United Kingdom that it was "inter stellas luna minores," and I hope the classical scholars here will not accuse me of having garbled the quotation. I think it means, "a moon among minor stars." Well, clearly, now, the Prime Minister both in Great Britain and here is very much more than a moon among minor stars. He is almost the centre of the solar system of government.

I am not at the moment impugning in any way the exercise of this power by the present cabinet, or the present Prime Minister. That is not the point. The point is, we now have this enormous concentration of power in the executive, which is a matter of practice, and not a matter of strict law, and it is open to question whether we want to freeze the customs, usages and conventions of the Constitution at this particular

point, and whether we want to prevent a later generation, or perhaps merely this generation a little later in time, from changing this, and giving back more power notably, of course, to the House of Commons, and perhaps even more power to a revising chamber like this one.

There is also, of course, the danger that if you codify these customs, conventions and usages, you make them justiciable. You put them in the courts, and instead of their being interpreted by the House of Commons, or by this house, or by both of them, or by public opinion and the movement of public opinion, through the political process, you have them thrown into the courts, where the judges might not have, really, any political experience or political savvy, and where, relying perfectly properly on the precise words of the statute, they would give a judgment which would simply throw the whole parliamentary system into chaos and which would cause pretty well everybody in the two houses of Parliament to say, "This is a completely impossible and ridiculous situation;" and if you had it written into the text of a fundamental law, you would be able to change it only by means of an amending formula which in this country is certain to be a complicated and difficult one—properly so—and it might take years and years and years to get the country out of the difficulties, the mess, this had involved; whereas if it is a matter of custom and the exercise of common sense and judgment by people accustomed to the political process, if a particular thing is not working well, it is perfectly easy to change the usage and say, "Well, this is a new situation. The old precedents and the old rules don't really apply and it has to be dealt with in a way required by the new situation."

● (2110)

Of course, you may have old precedents suddenly becoming relevant where for years they have been irrelevant. Take, for example, the rule that prevailed in Great Britain down to 1868 that no matter what the results of a general election, the government in office met the new parliament and let it decide. That was obviously necessary. The same thing was true in the rest of the Empire or Commonwealth. It was obviously necessary when you had a great many people elected as independents or more or less independents; what Sir John A. Macdonald used to call "loose fish", "shaky fellows", "waiters on providence"—people who, when the first results came in from the staggered elections, would cast an eye over their shoulders and see that the Conservatives seemed to be winning, and say, "Well, of course, I am an independent, really, but I have always been an independent Conservative." If, on the other hand, they saw the Liberals were winning, they would say, "Well, of course, I have always been an independent member, but independent Liberal, you understand."

If you look at the results of the first elections in this country, you will notice that the morning after an election the Conservative paper would announce that so many Conservatives had been elected, and the Liberal paper would say, "Oh no, that figure is wrong. So and so is really a Liberal." Well, as long as you had independent members—"loose fish", "shaky fellows", "waiters on providence"—loose fish who swam from side to side, as they often did in critical debates, it made sense to have a government meet the new house and see how the loose fish would behave.

Once you had highly organized parties and party discipline, this ceased to be relevant. But lo and behold, years and years afterwards, to the great discomfiture of old line politicians, the loose fish did not reappear, no, but loose shoals or schools of fish appeared and you had third parties and fourth parties, and a loose school or shoal of fish swam one way or the other, and it became possible, necessary and proper once again to do what Mr. Mackenzie King did after the election of 1925, meet the house and let it decide.

**Senator Flynn:** You mean 1945.

**Senator Forsey:** Oh, he was a little reluctant, as it turned out, to let it decide, but that is what he purported to be doing, at all events.

I am afraid some of my liberal colleagues will fear that at certain points the old Adam of my Conservative bringing up is peeping out. But, anyway, I think it is very important that the process of codifying should not go too far. It was obscure in this bill how far it was intended to go because clause 35, if I remember correctly, said that the country and all its institutions, including, presumably, provincial institutions, were to be governed by this Constitution and by the customs, conventions and usages "hallowed" by it.

Members of the committee will recall that we questioned the draftsmen about what they meant by this "hallowed". I said to them, "Are you proposing to have a group of bishops from various churches and moderators and other high potentates of various denominations assembled to pronounce some kind of incantation over certain, or all, of the customs, conventions and usages of the Constitution?" They rather shuffled their feet and cleared their throats and hummed and hawed, and we didn't get much of an answer. This is hardly surprising, especially because the French version there—as often—was much clearer than the English, and the French version didn't say anything about hallowing. I looked carefully for some phrase like "consacrés par cette constitution". The cupboard was bare. There was absolutely nothing there. It just said "les conventions, coutumes et usages"—point. That was it. No more.

Well, that was left very vague, and when we asked, "Would this make certain or all customs, conventions and usages justiciable?" I don't think we got a clear answer. It is a very important point. I am glad, therefore, that the warning is in here about the dangers of excessive codification.

The next thing I should like to point out is how easy the report is on the very narrow and limited powers of delay which the upper house would have. It mentions the 60-day veto which in itself is an extraordinary performance, especially as there is to be no reference back of the vetoed bill to the House of Commons. It was simply after 60 days to go slapdash through, straight to the Governor General for his assent. But they don't say anything about that extraordinary provision for cutting the period of delay down to seven days. True, this could only be

done by the two-thirds vote of the House of Commons and only if the bill did not have "an obvious and significant impact on the relations between the federal authority and a provincial authority." This is one of those limpid and lapidary phrases of the bill which we are called upon to admire, in contrast to the dreadful obscurity and prosiness and ambiguities of the British North America Act. Only if it didn't have this "obvious and significant impact"—a "spongy" expression as a very eminent constitutional lawyer of my acquaintance (a lifelong Liberal, I might add) observed—and only if it was not of "especial linguistic significance"—another "spongy" expression—and only if the House of Commons by a two-thirds vote said it was urgent. But even so, there would have been circumstances in which, given a large enough vote in the House of Commons, you could have pushed this thing through in seven days. And, of course, the bill also in effect provided for closure and time limits in the upper house, so that the possibility of obstruction or filibustering was eliminated.

I think, therefore, the committee's report on this subject has been exceedingly moderate.

**Senator Flynn:** It was so obvious.

**Senator Forsey:** There are one or two other things I want to comment on. I am sorry there is nothing in here about that proposed double veto which the upper house was to have for measures of especial linguistic significance, and I hope that if that idea is resuscitated by the government, or is suggested by anybody else, the committee will give it a very careful examination because I think it is of very dubious value, to say the least, and might very easily lead to demagogic manoeuvres by extremists in French Canada or in English Canada. I think this business of having all of us classify ourselves as French-speaking or non-French-speaking could very easily lead to considerable difficulties. Whether a bill is or is not of especial linguistic significance is, for parliamentary purposes, to be clearly settled by the Speaker of the upper house. But that wouldn't, by any means, end the difficulty because you could perfectly well have a senator who, for good and sufficient reasons, seemed to the Speaker to be, let us say, English-speaking or French-speaking and who, by certain sections of the public, would not be admitted to be so.

Years ago I remember a discussion with Monsieur Michel Brunet, le professeur d'histoires—as the Prime Minister has called him—à l'Université de Montréal; a professor of history, but in French, with the plural, you can get a subtle distinction and a play on words which I might perhaps translate as "the professor of stories" in the University of Montreal. I remember that on that occasion Monsieur Brunet was complaining, not without some ground, of course, that on the boards of large and important companies there were no French Canadian directors. There weren't very many at the time, true. But there were what the ordinary innocent English-speaking Canadian like myself thought were some. So people mentioned a few names—among them, I remember, that of Aimé Geoffrion, the very great constitutional lawyer. Monsieur Brunet dismissed these airily with "Ce sont des anciens Canadiens français"—former French Canadians. In other words, they don't agree with me; therefore, they have lost their status as French Canadians. And I can imagine that there is at least one senator in this body with an undeniably French name, a very, very distinguished French name, belonging to a very fine old French family—and I might add of somewhat mixed, though highly honourable ancestry on both sides—who is so completely bilingual that he might put himself down on either side and the Speaker would scarcely dare to challenge him. The rednecks in certain parts of the country would say, "What! So-and-So, with a name like that? English-speaking? My eye and Betty Martin," not knowing the gentleman. On the other hand, the French-speaking people might say, "Well, his mother was Irish, his grandmother was Scotch and he married a lady with an English name. He is not a real French Canadian at all," and a vote might be carried one way or the other by the presence of these or other people of the same sort in one or the other category, and you would get almost infinite possibilities of difficulty and rumpus about this.

● (2120)

Some of us will recall how years ago, when Mr. St. Laurent was Prime Minister, someone, whom I think I should qualify as an extreme French Canadian nationalist, put up a questioner at a meeting to ask him which language he said his prayers in. I think my French Canadian colleagues will confirm what I say when I say that, I understand there is a proverb that in French one prays, one swears and one counts in one mother's tongue. They put this Johnny up to ask Mr. St. Laurent which language he said his prayers in. Mr. St. Laurent, being the soul of candour, said, "Why, in English of course. That is what my mother taught me." I understand that in certain of the back concessions some of these people went around saying, "You see? Louis St. Laurent, mais il prie en anglais. C'est un Anglais, ce n'est pas un Canadien français." He was not Canadien français pure laine at all. He was a very dubious character from that point of view.

If that kind of attack could have been made on a person of the eminence and transparent honesty and integrity of Mr. St. Laurent, the possibilities of demagogic appeal on these grounds are, I think, not negligible.

I hope any attempt to include this provision in any future constitutional legislation will be looked at with a very careful and sceptical eye. I think also there is the possibility that, far from protecting the rights of French-speaking minorities, it could very well be used to prevent the expansion of those rights.

**Senator Flynn:** Exactly.

**Senator Forsey:** That is a subject on which I feel very strongly. I am sure that many other members of the house who are themselves French Canadians would feel even more strongly than I. The assumption that this double veto will always work in favour of the French language minority is, in my judgment, a most dubious one. If you have proper safeguards written into your Charter of Rights and Freedoms, proper safeguards for the two linguistic minorities, English-speaking in Quebec and French-speaking outside Quebec, you do not

need this kind of thing, it seems to me, and you can rely upon the good judgment of the upper house to behave reasonably.

Another feature of this peculiar proposal was, of course, that it could be overriden by a two-thirds majority in the House of Commons, which indeed seems to me to take away from it the last vestige of merit it might have as a protection for the French-speaking minority.

One point that has been made in reference to the table of possible composition of the upper house on the basis of the last preceding elections, which you will find on page 15 of the committee's report, is that you would not really get very quick changes in the composition of the upper house; that actually there would be only a very moderate shift now and again. Well, I'm not so sure about that, partly because, with the persistence of third parties, which now appear to be pretty well entrenched in all the provinces west of the New Brunswick border, and show signs of appearing even in my native province of Newfoundland, it seems to me you may very well get a succession of minority governments and a succession of elections over a very short period, and you might therefore have considerably more instability in the membership of this proposed upper house than some people have been inclined to suggest.

I think that is really just about all I want to say about the committee's report. I am afraid I have gone on at undue length, as is my unfortunate habit. I hope that I have for once not gone at such inordinate speed as to merit the rebuke I received in a letter this morning from a gentleman who had presided at a recent speech of mine, who said that my mind went so fast—that was all right as far as it went, I suppose, but what came afterwards was not so complimentary—that I failed to enunciate clearly and nobody could follow what I was saying. I made up my mind that tonight I would try to be more deliberate; I would try to avoid rivalling the machine-gun speed at which Mr. W. S. Fielding and Mr. R. B. Bennett used to speak, beside which my most rapid utterance is comparable to that of a snail. I decided to try to do that. How well I have succeeded I don't know.

I decided also that I should not comment on certain parts of the report where, to say the least, I have very little to add, more particularly in the case of the parts on the Supreme Court, where I might be ruled out as a non-lawyer speaking on something on which only the initiates of the legal profession should have much to say.

I want to make just one final remark. I hope that when the committee investigates the whole question of the future upper house, or the changed, reformed, altered, modified upper house, it will make good use of the long, interesting and cogent memorandum, which I think all members of the committee have—I sent it out broadcast—by Professor Kwavnick of Carleton University. It is couched in language which is far more picturesque than that of the committee's report, but I think it makes a number of very important points, and makes them very well indeed. They deserve to be very carefully considered by the committee in its further proceedings on the Constitution of a new or modified upper house.

I feel confident, honourable senators, that I have left out various things that I ought to have said and put in things that probably I ought not to have said, a little reminiscent, for those of us who have had an Anglican or semi-Anglican bringing up, of the General Confession:

> We have left undone those things which we ought to have done; And we have done those things which we ought not to have done; And there is no health in us.

I am quite prepared to have anybody coming after me saying that I have left unsaid those things which I ought to have said and I have said those things which I ought not to have said, and there was little or no health in the observations which I have just inflicted upon your honours.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 8, 1978**

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

Prayers.

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

FIRST READING

**Senator Perrault** presented Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act.

Bill read first time.

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

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## INCOME TAX CONVENTIONS BILL

FIRST READING

**Senator Perrault** presented Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of reports of the Administrator under the Anti-Inflation Act, dated October 31, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Canadian Liquid Air Limited, Montreal, Quebec (the groups of hourly employees at Tracy and at Varennes).

2. Teleglobe Canada, Montreal, Quebec.

3. The Toronto Hydro Electric System, Toronto, Ontario.

Document entitled "Legislation governing liner conferences serving Canada", issued by the Minister of Transport.

Copies of Agreement of Social Security between the Government of Canada and the Government of Italy, together with copy of Order in Council P.C. 1978-3393, dated November 7, 1978, approving same.

He said: May I say, honourable senators, that the paper entitled "Legislation governing liner conferences serving Canada," covers the main features of Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act, which I presented just a moment ago. Bill S-6 will replace the Shipping Conferences Exemption Act, which is due to expire on March 31, 1979.

## AGRICULTURE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Norrie,** Deputy Chairman of the Standing Senate Committee on Agriculture, which was authorized by the Senate on November 24, 1977, to examine from time to time any aspect of the agricultural industry in connection with any such examination, tabled, pursuant to rule 84, the expenses incurred by the committee in connection therewith during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## INCOME TAX AND FAMILY ALLOWANCES

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden** moved, seconded by Senator Laird, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-10, intituled: "An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973," in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

## NORTHERN PIPELINE

COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Olson** moved, seconded by Senator Williams, with leave of the Senate and notwithstanding rule 45(1)(i):

That the Special Committee of the Senate on the Northern Pipeline have power to engage the services of such technical, clerical and other personnel as may be necessary for the purposes of the committee.

Motion agreed to.

## TRANSPORT AND COMMUNICATIONS

COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Smith (Colchester)** moved, seconded by Senator Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i):

That the Standing Senate Committee on Transport and Communications have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

## THE SENATE

THE GENTLEMAN USHER OF THE BLACK ROD—QUESTION

**Senator Walker:** Honourable senators, I should like to ask a question of the Honourable Leader of the Government.

Since 1947, two very distinguished gentlemen in succession have occupied the position of Gentleman Usher of the Black Rod, and they are Major C. R. Lamoureux, D.S.O., and Major A. G. Vandelac, M.C.

Major Vandelac, the present Gentleman Usher of the Black Rod, was appointed by the Prime Minister. He was awarded the Military Cross for bravery at Dieppe with the Montreal Fusiliers.

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

**Senator Walker:** He later fought in the Korean War with distinction with that great regiment, the Vingt-Deuxième. It is with regret that I say that he, because of his age, is about to retire.

Whereas the traditions of this high office since Confederation, coupled with the duties incidental to it, invite—yes, almost necessitate—the appointment of a military man, would the Leader of the Government ascertain from the Prime Minister whether we in this house can assume that the next Gentleman Usher of the Black Rod will also be a military man and, to rotate the position, an Anglophone Canadian?

**Senator Perrault:** Honourable senators, the query will be conveyed to the office of the Prime Minister.

● (1410)

## THE ECONOMY

ANTI-INFLATION PROGRAM—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, yesterday, in his earnest quest for enlightenment, Senator Smith (Colchester) asked a series of questions on the subject of inflation.

[Senator Olson.]

**Senator Flynn:** One question.

**Senator Smith (Colchester):** I asked one question.

**Senator Perrault:** Despite the fact that when I rose in my place to reply I stated, "The current figure, honourable senators, I do not have immediately available," I was subsequently accused of attempting to evade a reply.

**Senator Flynn:** Come on!

**Senator Perrault:** Such was not the case.

**Senator Flynn:** You are trying again.

**Senator Perrault:** I have, honourable senators, however, brought some explanatory material on the subject of inflation which I hope may satisfy the questing mind of the honourable senator.

**Senator Flynn:** Give the figures and let it drop.

**Senator Perrault:** In its report of one year ago the Anti-Inflation Board indicated that it was unlikely that demand pressures would develop in 1978 "in a manner which would lead to any acceleration of the rate of inflation." The Board warned, however, that "Food price forecasting is always a hazardous endeavour," and that "as yet the depreciation of the Canadian dollar on exchange markets has not been fully reflected in Canadian prices."

**Senator Flynn:** He did not ask that.

**Senator Perrault:** Over the past 12 months there has been a further decline in the value of the Canadian dollar. The impact of this change on the price of imported products was significant, particularly on food items whose prices had already risen as a result of bad weather and the effects of the beef cycle.

**Senator Flynn:** Oh!

**Senator Perrault:** As a result, the rise in the All Items Consumer Price Index—

**Senator Flynn:** Come on!

**Senator Perrault:** —over the 12 months ending in September was 8.6 per cent, slightly higher than the rise of 8.4 per cent in September last year, and only moderately better than the rise of 10.6 per cent at the same time in 1975 when the Anti-Inflation Program began.

The consistently high rate of increase of the CPI over the past two years has led many people to conclude that no progress has been made since 1975 toward coming to grips with the inflation problem. But the widespread use of the Consumer Price Index as the only indicator of inflation has, in the opinion of the Anti-Inflation Board, masked the significant improvement that has occurred.

Almost all indicators of price and cost changes for the Canadian economy show that the increases of the past year are well below those of 1975. The various indicators of price change other than the CPI suggest that prices have risen in the general range of 6.5 to 7.5 per cent to date this year, well down from the 10 to 12 per cent range of 1975.

I know this information is heartening to the Honourable Senator Smith (Colchester).

Despite the continued sharp deterioration in the value of the Canadian dollar and the resultant rise of 12.6 per cent in import costs, price changes in 1978 have been about the same as in 1977. This is a remarkable achievement, honourable senators. Without the depreciation of the dollar, domestic prices would have increased by far less than 6.5 to 7.5 per cent.

Indicators of cost increases also show improvement since 1975. To date, in 1978, unit labour costs are up 5.7 per cent, in comparison to 8.1 per cent in 1977—one of the best performances in the entire world. Indeed, there was an increase in unit labour costs of 15.3 per cent in 1975, so the advance has been dramatic. The improvement in unit labour costs has been steady during the past three years, reflecting the persistent deceleration in the rate of change of various indicators of compensation per employee. These compensation variables suggest an increase to date in 1978 of 5.5 per cent to 6.5 per cent, compared to increases of 8 to 10 per cent in 1977, 12 to 13 per cent in 1976, and 15 to 20 per cent in 1975.

I know that all honourable senators will take enormous heart from these encouraging facts, which indicate the success of certain government programs, policies and initiatives.

**Senator Smith (Colchester):** Honourable senators, once more the honourable gentleman has demonstrated his utter, absolute inability to answer a simple question with a simple answer, and particularly an accurate answer.

I cannot really tell from what he said which one of the many figures he quoted has any special significance with reference to the question. He referred to my mind as a "questing" mind, which I regard as an interesting observation. I must say, though, the tone of voice in which he used the word indicated that he did not regard it as a very complimentary term. I might say to him that I would rather have a questing mind than the type of wandering mind which cannot devote itself for more than a few seconds to a simple answer to a simple question.

As to the various excuses which he has offered for the fact that the rate of inflation is still unsuitably high, I can say to him that I pay no more attention to those bits of fantasy than I do to some of the other things he says on behalf of this wandering government.

The honourable gentleman, of course, will recognize that every time he makes a speech in answering a question, somebody else is entitled to make just as long a speech, and it would not be very hard to make just as good a one after he sits down.

I could perhaps end these remarks by drawing attention to the fact that he seemed to indicate that the decreased value of the dollar had something to do with inflation. He seemed to put that forward as an excuse for the present high rate of inflation. I simply ask him to remember who has been in office while the dollar lost its value, and then see if he can relate that to any satisfactory excuse for inflation.

**Senator Asselin:** Answer.

**Senator Flynn:** Another speech? Come on!

**An Hon. Senator:** Don't encourage him. He'll do it.

## THE CONSTITUTION

### THE GOVERNMENT'S INTENTION RESPECTING THE SENATE—QUESTION

**Senator Flynn:** Has the Leader of the Government a long reply to the question I put to him yesterday? It also is very simple and very clear. He probably has half an hour in which to answer that, which is contrary to the rules, but he never follows them.

**Senator Perrault:** Having due regard for the Leader of the Opposition's passionate dedication to the rules, may I say that I am not about to inflict a half-hour dissertation on the subject of any question raised by him yesterday, but I hope a reply will be available at 4 o'clock this afternoon. As well, a reply to yesterday's question relating to the Post Office should be here in approximately 25 minutes.

**Senator Flynn:** How long?

**Senator Perrault:** I seek at every opportunity to convey only accurate information.

### CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Flynn, P.C.*).

**Senator Flynn:** Honourable senators, I do not intend to speak on this topic before I have an answer to my question of yesterday, but if anyone else wishes to speak, he or she is welcome to do so. I am willing to yield.

Order stands.

● (1420)

## INTER-PARLIAMENTARY UNION

### SIXTY-FIFTH ANNUAL CONFERENCE, BONN, WEST GERMANY—DEBATE ADJOURNED

**Hon. M. Lorne Bonnell** rose pursuant to notice of Thursday, October 19, 1978:

> That he will call the attention of the Senate to the Sixty-fifth Annual Conference of the Inter-Parliamentary Union held at Bonn, West Germany, 5th to 13th September, 1978, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

He said: Honourable senators, I had the privilege of representing the Senate of Canada at the Sixty-fifth Inter-Parliamentary Union Conference which was held in Bonn, in the Federal Republic of Germany, September 3 to 14, 1978, inclusive. During the conference the Canadian delegation, led

by Lloyd Francis, Ph.D., M.P., participated in all the items on the agenda.

The members of the Canadian delegation were Lloyd Francis, Ph.D., M.P., Chairman, the Honourable Gildas Molgat and myself, representing the Senate of Canada, and Ursula Appoloni, M.P., Thomas C. Douglas, M.P., Ramon J. Hnatyshyn, M.P., David MacDonald, M.P., Gus MacFarlane, M.P., Mark MacGuigan, Ph.D., M.P., Robert Muir, M.P. and Craig Stewart, M.P.

The Canadian delegation was assisted greatly by the Executive Secretary-Treasurer, Miss Jean Macpherson, who was assisted by Miss Maija Adamson, Deputy Secretary to the delegation, and by Mr. Roger Hill, Adviser to the delegation.

Mr. Beverley Koester, Clerk Assistant of the House of Commons, and Mr. Joseph Maingot, Law Clerk and Parliamentary Counsel, House of Commons, attended meetings of the Association of Secretaries General of Parliament, which took place at the same time as the conference.

During our stay in Bonn, the Canadian ambassador to the Federal Republic of Germany, Mr. John G. H. Halstead, and his wife, provided excellent support to our delegation. The ambassador and embassy officials gave our delegation a useful briefing on bilateral relations between the two countries.

The opening ceremony took place on Tuesday, September 5, 1978, at 11 a.m. in the Beethovenhalle, Bonn, in the presence of the President of the Federal Republic of Germany, Mr. Walter Scheel.

Mr. Karl Carstens, President of the Bundestag and the Inter-Parliamentary Group of the Federal Republic of Germany, welcomed the delegates and reminded us that this was the third Inter-Parliamentary Union Conference to be held on German soil. The fifteenth conference was held in Berlin in 1908, and the twenty-fifth Conference was held there in 1928. Now, 50 years later, in 1978, the sixty-fifth Conference was being held in Bonn.

Mr. Helmut Schmidt, Federal Chancellor, spoke and expressed the wish that the nations of the world would find the way to a lasting peace. He pointed out that parliament was a place of peaceful balance, and if those attending the conference remained true to that idea during their handling of the controversial topics, they would have discharged part of their assignment, namely, to serve the people who gave them a mandate.

Eighteen nations were represented at the first conference in Berlin, and 38 at the second conference. Representatives of seventy-two nations attended the sixty-fifth conference, which testified to the lasting validity of the whole concept of the Inter-Parliamentary Union.

The President of the Federal Republic of Germany, Mr. Walter Scheel, welcomed the delegates on behalf of the republic. He said that just as representatives of national governments worked in the United Nations toward the solution of international problems, generations of parliamentarians had found in the Inter-Parliamentary Union a worldwide forum in which they pursued the same aims, and the work done there was instrumental in preserving peace. Their work also expressed the conviction that democratic parliamentarianism was the political system in which necessary change had the greatest chance of being accomplished without the use of force and with respect for the inviolable dignity of man. He expressed the hope that the conference, aided by personal contacts and mutual understanding, might contribute to the strengthening of parliamentary principles in the world.

The first major item for discussion on the agenda was the report of the Committee on Political Questions, International Security and Disarmament, followed by the report of the Committee on Parliamentary, Juridical and Human Rights Questions, and the report of the Economic and Social Committee which discussed the role of parliaments in the protection of the family and the general care of children and youth.

During the plenary session on these topics, our leader, Mr. Lloyd Francis, took a very active role. Mr. Francis pointed out the steps taken in recent years toward détente in Europe, including the Final Act of the Helsinki Conference, the Belgrade Review Conference, and the Inter-Parliamentary Conference on European Co-operation and Security held in Vienna earlier in the year. He noted the continuing concern and disappointment in Canada about the issue of family reunification.

He further welcomed the initiatives taken by the special Committee of the Inter-Parliamentary Union, and praised its work and its concentration on specific cases, which had led, in some instances, to the release of men and women who had been imprisoned or even tortured. In this connection, he also congratulated certain delegates because they had been willing to listen to criticism of their countries and had promised to look into charges of human rights violations rather than withdrawing from the meeting.

Senator Gildas Molgat also took part in the debate. He stated that when Canada speaks about disarmament, not only nuclear weapons are implied but the reference is to general and total disarmament as the final objective. He recommended, among other things, a total ban on nuclear tests, an agreement to put an end to test flights over all new strategic areas, an agreement forbidding research in new fissile materials for use in armaments, and a gradual reduction in the military budgets or funds for new strategic arms. The objective of his proposals was to proceed by degrees toward reaching a point where it would become possible to put a complete stop to the production of new strategic arms.

Following the plenary debate, the next item on the agenda was the fixing of fair prices for primary commodities supplied mainly by the developing nations, the maintenance of the purchasing power provided by their exports, and the alleviation of their external debts.

Mr. T. C. Douglas spoke on behalf of the Canadian delegation, and suggested that steps should be taken to alleviate the poverty which blights the lives of more than half the world's population. He suggested that our world, with half its population hungry, will not long survive and that something must be

done to deal with the income gap between developed and developing countries, which had widened steadily in the past 30 years rather than narrowed. He suggested that this is largely due to the fact that the prices received for primary products have not kept pace with what primary producing nations must pay for manufactured goods, with the consequence that producers of primary commodities face growing trade deficits, which require further borrowing, and a resulting decline in the values of their currencies.

The next major topic for discussion was the role of parliamentarians in the study and elaboration of means to combat international terrorism. Speaking for the Canadian delegation, Mr. Mark MacGuigan remarked that terrorism is violence of a peculiarly heinous kind, differing from other uses of force in that it injures one person with the intention of affecting others, rather than effecting some purpose with respect to the person or persons against whom it is applied. After genocide, he claimed, terrorism was the most inhumane act, since it treats individual persons solely as symbols, not as themselves, and as a consequence people become mere means to the attainment of ends to which they have no relationship. Terrorism achieves its effect by indiscriminate hurt and slaughter, and is therefore entirely unlike resistance or guerilla warfare.

Mr. Gus MacFarlane also spoke concerning terrorism. He drew particular attention to the joint communiqué on terrorism issued after the Bonn summit meeting, and especially to the section on exclusion from civil aviation of any state which does not punish the perpetrator of an act of hijacking, extradite him, or return the hijacked aircraft. He said that Canadians would prefer an even stronger stand against terrorism, but we would at this time concentrate on the particular question of aircraft hijacking, in support of a proposal on this matter originally put forward by the Prime Minister, Mr. Trudeau, and then adopted by the Bonn summit meeting. In this way it might be possible to take one small step forward.

Mr. MacFarlane concluded his remarks by drawing attention to the need for friendly relations among nations, and for the achievement of international co-operation in solving world problems of an economic, social or humanistic kind.

The next item discussed at the conference was the continuation of most strenuous efforts towards the complete elimination of colonialism in the world. During this debate, Mr. David MacDonald said that recent Canadian initiatives in business and in commerce indicated that Canada had increasingly adopted a position in favour of independence for the black people of southern Africa and for their full liberation. In 1977 Canada had become a member of a group at the United Nations working on the problem of trans-national corporations, and had played an active role in the group of five nations dealing with the hoped-for independence of Namibia. Canada had also adopted a new policy in commercial and governmental relations with southern Africa.

During the meetings of the drafting committee, which followed the plenary session, the Canadian delegates played an active role and were able to make substantial amendments to most of the resolutions which were adopted concerning the several topics that were discussed at the meeting, especially those pertaining to disarmament, terrorism and the elimination of colonialism in the world.

Honourable senators, after attending my first Inter-Parliamentary Union conference, I was quite impressed with the calibre of parliamentarians from the many countries of the world who were speaking for the millions who could not speak for themselves, and who look to us to voice their longing for a world in which they and their children might hope to live in peace and dignity. As we met in Bonn to discuss these world problems, each country's delegates spoke with wisdom and humility, and not with arrogance or self-righteousness. I left the conference with the knowledge that there are many problems still facing the people of the world today—problems such as those of poverty, hunger, illiteracy, the denial of the right of self-determination, and armed confrontation— all of which are roadblocks on the road to peace. I left the conference knowing that if we fail in solving these problems, we can never hope for a continued world peace.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, November 9, 1978**

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

Prayers.

## DISTINGUISHED VISITORS IN GALLERY

SPANISH PARLIAMENTARY DELEGATION

**The Hon. the Speaker:** On behalf of all honourable members of the Senate I should like to extend to the Spanish Parliamentary Delegation visiting us today, and especially to its leader, His Excellency Antonio Hernandez Gil, President of the Cortes and of the Council of the Realm, our most sincere and cordial welcome, and our best wishes for a pleasant stay in Canada.

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

**Senator Perrault:** Senor Presidente, buenos dias from all of us. May I say on behalf of the government members who serve in this place how pleased, delighted and honoured we are to have such a distinguished delegation visit our nation at this time—a time when both Spain and Canada are deeply involved in constitutional evolution and change, which hopefully will provide both peoples with even more united nations.

**Senator Grosart:** On behalf of honourable senators on this side, I join, of course, with the Leader of the Government in welcoming to our chamber this very distinguished delegation from the Parliament of the Cortes of Spain.

We are delighted that these distinguished parliamentarians have been explaining to Canadian parliamentarians how they were able to get a new constitution passed by both their houses in such short order. I understand that has been finally achieved since their arrival in Canada, and that all it requires now is public acceptance in a referendum.

We envy our friends from Spain this achievement, and wish them luck in the referendum.

**Senator Stanbury:** Honourable senators, I wonder if I might add to the remarks of the Leader of the Government and the Acting Leader of the Opposition. I have had the honour of chairing the briefing sessions with the Spanish delegation during the last two days, and it has been indeed a great honour for me and a great pleasure to have had that opportunity.

My experience in following the progress of democratization in Spain over the last two years has been one of the most constructive and productive experiences of my life. I was in Spain some two years ago at the beginning of the process, and I was there about a year ago and saw it progressing rapidly toward the stage that the Spanish Parliament has now achieved. After only some 15 months in the process, the Cortes, the Congress and the Senate, the bicameral parliamentary system of Spain, have come to agreement on a draft of the Constitution and are now prepared to put it quickly before the people of Spain—I believe December 5, or early in December, is the expected time for the referendum—after which they will proceed with municipal, regional and national elections. It is therefore likely that within a period of three years the people of Spain will have moved to a complete democracy, a constitutional monarchy, a democratic Parliament. That, in my opinion, is one of the greatest examples the world has seen of what can be accomplished by people who have not had the opportunities of democracy before.

I congratulate the delegation from Spain. His Excellency has been most generous to his Canadian colleagues, as have all members of the delegation. It has been a great pleasure to be with them during these days.

## REMEMBRANCE DAY

**Senator Perrault:** Honourable senators, we will be commemorating Remembrance Day in two days' time. Once again we will have the opportunity to pay honour and tribute to the thousands of Canadian men and women who suffered and died in the cause of freedom, those who sacrificed so much in order that the rest of us can live and flourish, and so that our descendants can live and flourish, in a united Canada with all of the freedoms we enjoy.

Remembrance Day will be a reminder to all Canadians, wherever we live, to see to it that we do not squander the legacy that was left behind by those who suffered and died.

The visit of Prime Minister Begin to Canada this week brought home the fact that individuals can mean all the difference between war and peace in this world. It is to be hoped that all Canadians will observe Remembrance Day, and it is to be hoped that those who will be laying wreaths on cenotaphs on Saturday will include the peacemakers of the world in their prayers.

**Senator Marshall:** Honourable senators, I have the honour to reply to the Leader of the Government in the Senate. I am sure I speak for all my colleagues in this chamber in paying tribute to our fallen countrymen today, prior to a remembrance ceremony that will take place on Saturday at the National War Memorial in our proud capital city. In so doing, perhaps I can use the same words I used last year in the other place. They are appropriate today, and will be appropriate for some time to come.

In this time of uncertainty, it should be remembered that some 64 years ago thousands of young Canadian citizens answered the call of the then government of the day to

volunteer to go to far off lands, to offer their lives, and in too many cases to give those lives, to preserve peace and freedom, not for Canada alone but to help protect our allies, whose problems must have been difficult to comprehend.

But it is obvious that their efforts were in vain, for on two future occasions, during the Second World War and the Korean War, more of our young men and women answered the call because our world leaders could not preserve that peace and freedom which we as Canadians treasure so dearly.

However, the passage of time has now brought about a generation for whom World War I has become very remote, and for whom even the other conflicts have no meaningful place in their experience. It is incumbent upon us, we who sit in this hallowed chamber, many of us veterans ourselves who experienced the bitter taste of war, to remind ourselves that we are charged with the responsibility of ensuring that some 100,000 Canadians who died did not die in vain. And we must continue in our efforts to preserve peace, a measure of prosperity and, above all, national unity, because of our commitment to the veterans of Canada.

It is tragic, however, that in this year 1978, while hundreds of thousands of our fellow citizens attend ceremonies across this land to honour and to pay homage to those who made the supreme sacrifice to preserve Canadian unity, we are threatened with national disunity from within our great country, a threat to our freedom that breaks faith not only with those who fell but with those who remain—the maimed and the disabled—and whose dependants must wonder if their sacrifice was in vain.

● (1410)

We can only hope that Remembrance Day 1978 will instill in the hearts of those minorities, those who are taking this country for granted, those who attempt to fracture a way of opportunity and a quality of life brought about by the suffering and sacrifice of Canadians regardless of race, creed or colour, a reminder of the fact that these men fought together for unity in our nation, not as English or French or any other race but as proud Canadians.

To this end we must dedicate ourselves today because we must continue to believe in peace and freedom, and because we will continue to remember those who fell.

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

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Supplementary Estimates (A) for the fiscal year ending March 31, 1979.

Report on the administration of the Canada Assistance Plan, for the fiscal year ended March 31, 1977, pursuant to section 19, Chapter C-1, R.S.C., 1970.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1978, pursuant to section 20(1) of the Atomic Energy Control Act, Chapter A-19, R.S.C., 1970.

## THE ESTIMATES

### SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

**Senator Langlois** moved, seconded by Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1979.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 14, 1978, at 8 o'clock in the evening.

Before the question is put, I should like to deal briefly with what we can expect to have before us when we resume next week both in the chamber and in the committees of the Senate. I might say that our workload looks to be very substantial for the next few weeks.

In addition to the two Senate bills already on the order paper for Tuesday, it is likely that there will be one and perhaps two bills introduced in the Senate next week. I have been informed that Bill C-5, to amend the Old Age Security Act, and Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973, are expected to pass in the Commons this week and come to the Senate. We should also have Bill C-7, the Borrowing Authority Act, 1978-79-80, early next week.

The committee schedule for the coming week is already heavy. On Tuesday the Special Committee of the Senate on the Constitution will hold an *in camera* meeting at 10.30 a.m. and 2.30 p.m.; the Special Committee on Retirement Age Policies will meet at 2 p.m.; and the Standing Senate Committee on National Finance will meet at 2.30 p.m. to consider supplementary estimates (A) for the fiscal year ending March 31, 1979, which were referred to that committee a few moments ago.

On Wednesday at 9.30 a.m. there will be a meeting of the Banking, Trade and Commerce Committee to examine the subject matter of Bill C-15, Banks and Banking Law Revision Act, 1978; the Special Committee on the Northern Pipeline will meet *in camera* when the Senate rises; and also when the Senate rises the Standing Senate Committee on Agriculture will meet to consider its agenda for the present session.

On Thursday the Special Committee on Retirement Age Policies will meet at 9 a.m. The Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. to consider further the subject matter of Bill C-15, or any legislation that may have been referred to it in the meantime. The National Finance Committee will hold a meeting at 9.30

for further consideration of supplementary estimates (A), if the committee does not finish with these estimates on Tuesday. After completion of its examination of the supplementary estimates (A), the National Finance Committee will continue with its study of the DREE estimates.

In view of the foregoing, it may be necessary for the Senate to sit on Friday next week.

**Senator Grosart:** Did I understand the Deputy Leader of the Government to say that in addition to Bill S-6 and Bill S-7, which are now on the order paper, there will be additional bills introduced for the first time in the Senate?

**Senator Langlois:** Yes. I believe there are two bills to be introduced in this place.

**Senator Grosart:** Is it premature to ask that they be identified or that their subject matter be identified at this time?

**Senator Langlois:** I am afraid I cannot at this time identify those two bills.

**Senator Olson:** Honourable senators, in addition to the information that has been given to us by the deputy leader, I can inform you that Mr. Sharp, the Commissioner of the Northern Pipeline Agency, has agreed to come to the Northern Pipeline Committee next Wednesday. It will therefore be an open rather than an *in camera* meeting.

Motion agreed to.

## REMEMBRANCE DAY

### OBSERVANCE BY POST OFFICE IN NEWFOUNDLAND—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I made a commitment two days ago to attempt to provide further information with respect to Remembrance Day as it affects the Post Office. The question was asked on November 7 by the Honourable Senator Marshall.

I can now report that the Post Office has made arrangements to accommodate those of its work force who wish specifically to honour Canada's war dead on Remembrance Day, November 11.

Certain employees are involved in the limited service normally provided on Saturdays. In order to ensure that these employees have the time to participate in local remembrance services or activities, service levels to the public will be adjusted as required at the discretion of district directors in consultation with postal unions.

The minister responsible for the Post Office, Postmaster General Lamontagne, has stated, and I quote:

> Remembrance Day is particularly significant to the Post Office since so many of our employees came from amongst the ranks of veterans returning from overseas. It gives management a great deal of pride to assist in marking this day with all the respect it deserves.

[Senator Langlois.]

## THE CONSTITUTION

### THE GOVERNMENT'S INTENTION RESPECTING THE SENATE—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 7 the Leader of the Opposition in the Senate asked whether the Leader of the Government here would confirm that it is the government's position not to proceed with the proposition in Bill C-60 respecting the abolition of the Senate and its replacement by a House of the Federation, or any similar provision, without the unanimous consent of the provinces, as mentioned in the *Hansard* account of the reply by the Prime Minister.

The government intends to proceed with a reference to the Supreme Court of Canada requesting the court's opinion regarding Parliament's authority to legislate with respect to the Senate of Canada. The government will not, before the court gives its opinion, proceed without the unanimous consent of the provinces with any legislation to change the Senate in the context of its constitutional reform initiatives.

● (1420)

**Senator Grosart:** I wonder if I could ask the Leader of the Government if the phrase "*before* the court has given its decision" is something that has been added since the Prime Minister made his statement.

**Senator Perrault:** Honourable senators, I can only report that this is an official reply prepared by the office of the Prime Minister for the information of this house, and I have presented it in the form in which it has come to me. Obviously the government does not intend to proceed unilaterally before that Supreme Court decision is made known, and the only possible way in which action could be taken before the Supreme Court referral and decision is the unlikely possibility of unanimous consent for any change.

**Senator Grosart:** Would the leader undertake to answer a further supplementary question arising out of the answer given to Senator Flynn? Would he inform the Senate as to what kind of consent of the provinces would be required *after* the Supreme Court decision before the government would proceed unilaterally with this particular aspect of what was Bill C-60?

**Senator Perrault:** Honourable senators, I must take that question as notice. It has been the view of the government that no enduring constitutional change could be brought forward in Canada without the substantial support of the Canadian people, and the designation "Canadian people" would certainly involve the provincial governments. However, a further inquiry will go forward.

[*Translation*]

**Senator Asselin:** Honourable senators, I think that the answer just given by the government leader is ambiguous on two counts. First, he did not confirm that the Prime Minister stated in the other place that the government was suspending the study of Bill C-60 as concerns the Senate.

Second, the government leader did not say either—in the event of a Supreme Court decision saying that the federal government may unilaterally change federal institutions with-

out consulting the provinces—he did not say what would be the position of the federal government before such a decision and if it would consider consulting the provinces before bringing any changes in federal institutions.

Given this confusion and the fact that some explanations would be important for the members of this house, would the government leader invite the Prime Minister of our country to meet the members of the Special Committee of the Senate on the Constitution, which will be sitting next week? He might then clearly define his position whether to proceed or not proceed with constitutional changes affecting the Senate.

I think that the answer given today by the government leader is ambiguous and equivocal and that the members of this house should know where they are going and what should be their position as regards this statement and the lack of clarification by the government leader.

As I said, I suggest that, in such circumstances, the Prime Minister be invited and that the government leader invite him to appear before the Special Committee on the Constitution to state the government position as concerns changes in the Senate.

[*English*]

**Senator Perrault:** Careful consideration will be given to the ideas advanced by the Honourable Senator Asselin.

Perhaps I can add further clarification by saying that if the Supreme Court confirms the right of Parliament to legislate with respect to the Senate under section 91.1 of the British North America Act, the government would want to keep the option of proceeding unilaterally. That does not mean to say that the government would proceed unilaterally without consultation. If I may advance a personal view, it would be unthinkable that they would advance unilaterally without discussion with the provincial premiers.

At the recent constitutional talks in Ottawa it was clear that the federal government had an open mind on the subject of constitutional change and reform. The government was very forthcoming and a number of constructive initiatives were advanced.

In addition, very careful study is being given to the excellent report prepared by the committee chaired by the Honourable Senator Stanbury, in which so many senators participated, as well as the report of the joint committee. The government is taking both reports very seriously.

**Senator Forsey:** Would it be fair, honourable senators, to say that the reply of the Leader of the Government is, "Not necessarily unilaterally but unilaterally if necessary"?

## REMEMBRANCE DAY

### OBSERVANCE BY POST OFFICE IN NEWFOUNDLAND

**Senator Marshall:** Honourable senators, I want to refer to the reply given to my question concerning Remembrance Day and those employees of crown corporations who will be working on November 11. With the greatest respect, I do not think the answer is satisfactory.

The government leader and I have just indicated that Remembrance Day is a day when all Canadians pay homage to those who fell. The fact that those veterans who are working in the Post Office and other crown corporations will be allowed a holiday is not good enough. They know why Remembrance Day is being observed.

I think it is time, after sixty-four years, to uphold the Canada Holidays Act and the provincial acts that concern Remembrance Day.

The Leader of the Government did not give me a reply from the Minister of Veterans Affairs. I would appreciate it if he would follow up the matter, even though the day may be late. If the Canada Holidays Act is meaningless, why do we continue to observe Remembrance Day?

**Senator Perrault:** Honourable senators, when a number of questions were posed in the chamber on this important subject, I sought the earliest opportunity to have a personal meeting with the Minister of Veterans Affairs. I mentioned the Post Office situation to him specifically, and we discussed the question generally.

The Minister of Veterans Affairs indicated his satisfaction with the action taken by the Postmaster General with respect to the Post Office. The fact is that there are certain activities in this country which must proceed whether the day be Remembrance Day or not. There are certain services which must continue, and Air Canada is an example.

• (1430)

The government can only endeavour to ensure that people wishing to observe Remembrance Day may do so. I trust that those who, because of the nature of their occupations and responsibilities, find themselves at their places of work, will take time out at 11 a.m. on November 11 to remember those who died. No doubt this will take place in many places around the country. I am sure the honourable senator shares my views on this.

## SPEECH FROM THE THRONE

### ERROR IN TRANSLATION

**Senator Langlois:** I should like to bring to the attention of the Senate an error in the translation of the Speech from the Throne as reported in both the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of Wednesday, October 11, 1978. The following paragraph reads in English as follows:

> Another is the legitimate expectation of the people of Canada in these difficult times. They expect their Parliament to respond to their most urgent needs with insight, with action, and with a minimum of delay.

That paragraph was translated as follows:

> A cette raison s'ajoutent les attentes légitimes de tous les Canadiens en ces temps difficiles. Ils comptent sur leurs représentants élus pour répondre avec sagesse, détermination et diligence à leurs besoins les plus pressants.

In this instance, "Parliament" is translated as "elected representatives". This is untrue and not realistic. I hope the translators will remember, once and for all, that Parliament is composed of two houses, an elected house and an appointed house, which is the Senate.

## UNITED NATIONS

### THIRTY-THIRD MEETING OF GENERAL ASSEMBLY

**Hon. Rhéal Bélisle** rose pursuant to notice of Tuesday, November 7, 1978:

> That he will call the attention of the Senate to the Thirty-third Meeting of the General Assembly of the United Nations (1978), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

He said: Honourable senators, having had the opportunity to attend the Thirty-third Meeting of the General Assembly of the United Nations, I wish to make a few comments regarding this unique organization. However, before doing so, I should like to express to all those who suggested my name to the Minister of External Affairs and, more precisely, my leader, the Honourable Jacques Flynn, Leader of the Opposition in the Senate, my sincere appreciation for their consideration.

In passing, may I say that Senator Flynn is doing an outstanding job. I am sure that when he is called upon to be the Leader of the Government in the Senate he will carry out his duties with experience, dignity and competence. Given the quality of his service to this house, he will, I am sure, be recognized as the opposition leader who had the greatest impact in terms of improving legislation that went through this house during his years in that office. Of course, he came to us well qualified from the other place.

[*Translation*]

I would also like to tell briefly Madam Speaker, the Honourable Renaude Lapointe, how much I appreciate sitting in this august assembly with her in the Chair. She has been carrying out her duties with dignity, competence, and particularly with a charming grace all her own.

Honourable senators, allow me to tell the Leader of the Government, the Honourable Ray Perrault, how much I appreciated the speech he made during the luncheon given for the Spanish delegation. By speaking to our guests in three languages, Spanish, English and French, he not only pleased them but gave reality and hope to bilingualism and to multiculturalism. I congratulate him, aware that his distinguished grandmother, Mrs. Perrault, was a Bélisle.

[*English*]

May I also express my gratitude to our Ambassador and Permanent Representative to the United Nations, Mr. William Barton, for his courtesy and for the assistance given me during my stay in New York. I am of the opinion that Canadian observers are accepted more freely and that their role is better understood. To him and to his staff, my sincere thanks.

[Senator Langlois.]

Having had the privilege of being sent to the United Nations in 1963, 1964, 1965 and on other occasions, I took the liberty, in 1964, of assessing the role of the U.N. and of reporting to you that it was the tower of Babel of the twentieth century.

The theme of the United Nations in this its thirty-third year is Onward, and if the United Nations did not exist it, or something very like it, would have to be invented in an effort to keep the world from being blown apart by war. That was worth pondering during United Nations Week marking the thirty-third anniversary of the world organization's founding.

It is my opinion that the United Nations General Assembly spends too much time listening to long-winded speeches. It is over-weighted by delegates from third world countries who take up altogether too much time droning on about South Africa and Rhodesia, and concocting mischievous resolutions about their obsessions, especially the so-called "national liberation movement".

The U.N. is buffeted by polemics from all sides, on all manner of issues and, no doubt, at times it is also in danger of drowning under an ocean of paper generated by a swollen bureaucracy. But when a crisis occurs, capable of shaking the foundations of world peace, it is to the U.N. that the world invariably turns. Consider the 1956 Suez crisis and the various Arab-Israeli wars. In each case, the U.N. was able to come up with some sort of interim solution, sufficient to stop the fighting and provide an opportunity for further negotiations.

Other crisis situations, of course, have come and gone without the United Nations doing anything of note because, essentially, it was powerless to do anything. Examples are the Soviet invasions of Hungary and Czechoslovakia.

Not to be forgotten is the immensely valuable social welfare and educational work the U.N. does through specialized agencies such as the World Health Organization, the Food and Agriculture Organization, and the Children's Fund. The world would be a lesser place without the U.N. to kick around.

The United Nations has lasted 33½ years since the Charter was signed in San Francisco. However, it is a much different institution now than then. There are 150 nations now, with this year's admission of Solomon Islands, as compared with 51 in 1945 when the member nations were all allies in an anti-fascist war. The Charter still contains enemy clauses, partly because of its possible effect on the status of West Berlin, but membership is now vastly different and includes former enemies. Two-thirds of those countries did not exist in 1945. A group of 77, now 110, the United Nations was established to guarantee peace and security. Now it is more concerned with the New International Economic Order, the corollary in economic terms of political decolonization, and various mechanisms to bring it about, such as the Committee of the Whole, the Common Fund, et cetera. This is probably the most basic fact of the U.N. today.

● (1440)

Canadians were active participants in the drafting of the Charter in 1945, a position we earned on the battlefield, as we had in World War I. The Right Honourable Laird Borden

signed the Peace Treaty for Canada, but under the grouping of "British Empire." Colonel Moore Cosgrave signed Japan's surrender instrument in Tokyo Bay, admittedly on the wrong line, but for "Canada."

Even before the 1931 Statute of Westminster, Canada was a full-fledged member of the League of Nations, but it was a case of gaining status rather than accepting responsibilities. Ambassador Walter Riddell was repudiated by the Right Honourable W. L. MacKenzie King when he supported oil sanctions against Italy. Today the Security Council has a sanctions program against Rhodesia, even if its effectiveness has been questioned by the recent Bingham Report on massive British evasions of oil sanctions. Also, there are contingency plans regarding sanctions against South Africa in respect of Namibia, and in other contexts.

In 1945 Canada had hopes of gaining status as a middle power—participation in the Manhattan Project, the fourth largest allied navy, and so on—and our most important effort in San Francisco was the so-called "battle of the comma" to gain recognition of that status.

Today there are just two kinds of powers, nuclear and non-nuclear. But superpowers have not had their way entirely. The Bahamas, with 250,000 people, and our neighbour, the United States, with 225 million, each have one vote. That is ridiculous in some ways. But superpowers have had to play a propaganda game. Each General Assembly has seen new Soviet initiatives in the disarmament field. For example, there is this year's proposal on security guarantees for non-nuclear states. In a sense, the U.N. has worked. There has been no major world war in 33 years, even though there have been some 130 minor conflicts.

Despite the high hopes of 1945, disillusion has fast set in. The wartime alliance quickly disintegrated. We have had Yalta, the Red Army occupation of Eastern Europe, Czechoslovakia in 1948 and the Berlin airlift in 1949, which were presaged in Canada by the Gouzenko affair. There was a feeling that the United Nations would have a shorter and less glorious history than the League of Nations. The "cold war," the great power veto and the frustrated hopes of peace and security became the burden of the U.N. To date, the great issues in east-west confrontation—Berlin and Vietnam—have never been taken up in the U.N.

However, the United Nations and the Charter have survived. The Charter has been used in ingenious ways. Article 51, "Regional Security," is justification for NATO. In 1950, the U.N. went to war in Korea. The U.S.S.R. was absent from the Security Council at the time; when it returned, the formula of "uniting for peace" evolved in 1951, which allowed the General Assembly to act when the Security Council blocked.

The centrality of the U.N. to world affairs is still evident. Whether or not major issues were actually brought to the U.N., it still remains the important theatre for diplomatic action. Over 200 foreign and other ministers come each year to the United Nations General Assembly for general debate; not so much to debate but to speak to counterparts. Additionally, of the 150 member states, some are very small indeed. Bhutan has two missions; Maldives but one. So much bilateral as well as multilateral activity is centred on the U.N.

Before continuing my assessment, I should like to make a few comments on China, which I visited on my own this last summer. Chairman Mao Tse-tung's embalmed body lies on display in a stately tomb in Peking, but his ideas about governing China don't go marching on. Other people are in charge now—a coterie of hard-headed, achievement-oriented politicians. Publicly they still pay lip-service to the teachings of the "great helmsman" of the 1949 communist revolution. But to their dismay, they find China still economically backward and militarily weak compared to its worst enemy, the Soviet Union. They are out to correct this. In the two years since Mao's death they have scrapped wholesale his policies on economics, diplomacy, foreign trade and education. They also plunged China into international politics and business in a way undreamed of a few years ago.

Mao dominated China for 27 years, until his death in 1976. To this end he had a master politician's ability to hang on to power and to bushwhack anybody who tried to bypass him. He had little interest in science, engineering or business, but his dictates on those subjects were law. Under them China tried to develop its economy in isolation and kept its contacts with foreign countries at a minimum. The pressure of world events forced Mao to make grudging retreats in his later years. When he died, the dam broke and a torrent of changes was let loose.

Mao's successor as Chairman of the Chinese Communist Party is Hua Kuo-feng, a 58-year old party administrator, unknown outside China before Mao made him Premier in 1976. A month after Mao's death, Hua and his allies won a fierce power struggle by arresting Mao's widow and his other top advisers, a faction known in China as the "Gang of Four". Teng Hsiao-ping, 74, a pragmatic efficiency expert, twice disgraced in Mao's lifetime, was made Vice-Premier and given the green light to put China on the road to economic progress.

Mao frowned on importing foreign technology, borrowing money and selling China's natural resources to raise cash. All these strictures have been cast to the winds. China and Japan are negotiating a mammoth deal, by which Japan will swap $40 billion worth of industrial machinery for $40 billion worth of Chinese coal and oil over the next 13 years. Japan's Minister of International Trade and Industry, Toshio Komoto, announced on October 16 that Japan expected to lend China $11.1 billion for the development of China's offshore oil resources. Even the Americans may get a piece of that action—something unthinkable in Mao's time.

● (1500)

[*Translation*]

What is the situation in the world in this fall of 1978? Everyone is talking about the Camp David talks, and it is capital. But that it is only one aspect of the overall problem that is often unknown and, worse, misunderstood.

To put this in the best perspective, I would like to try to answer the four following questions:

What is the political conquest strategy that proved the most efficient in the past forty years?

What ends and what means are used by those who implement that strategy?

How do threatened countries envision their protection?

What is basically missing in the defensive system of these countries?

I have no other qualification to answer those questions than that of a man from Sudbury who has been following the news for over a third of a century, a Canadian who, having visited all of western Europe, half of eastern Europe, Asia, Africa, the Americas, and recently, Japan, China and Hong Kong, knows what he is talking about, and also a Christian who knows that God can do the impossible and thinks that the time is near when it will be indispensable to remember that.

What is the political conquest strategy that proved the most efficient in the past forty years?

The question seems less odd than it would appear to be. It is little known that from 1945 to 1974 there were 74 major armed conflicts. Among those, eleven changed frontiers following wars of colonial independence and as the result of wars between states. So it would be somewhat superficial to think that our world has been living in peace since 1945.

But, more particularly, no one believes any more in the radical and simplistic distinction between war and peace. Before 1939, there was nothing else. That is how Hitler was allowed to increase his aggressions without practically anything being done about it. After showing so much "patience", a world conflict whose consequences no one anticipated was brought about and ruined Europe and left millions of dead. Those who set it in motion did not imagine that there would have been other ways of overcoming national socialism.

Well, what is the situation today? As far as imperialism is concerned, European countries have withdrawn from Asia and Africa. The United States of America, like Japan—and western Europe, for that matter—have been trying to conquer markets, not colonies. On the other hand, there was a country which used the victory of 1945 to turn all eastern European countries into satellites. This same country, by fostering from afar a revolutionary civil war, extended its empire over China in 1948. Then, military support interventions enabled it to conquer northern Korea and northern Indochina between 1950 and 1954. It was a coup which reduced Cuba between North and South America to the position of satellite.

However, without recalling world history in the last few years, it is sufficient to evoke the role of Soviet or Cuban interventions in Angola, Mozambique, Ethiopia, Madagascar, and, these last few weeks, in Afghanistan, North Yemen and Iran, where revolution is impending, to understand that half of Europe, half of Asia and half of Africa have been conquered by the U.S.S.R. in the last 40 years. This is the most effective political conquest strategy of this century. Basically, the break with China in 1960 does not make much difference.



Moreover, my observations during my trip to China changed nothing with respect to my opinion on Marxism. China is still strongly Marxist and atheist and Russia is still losing its influence and its authority in that country. The name of Russia is very rarely mentioned by the Chinese, and when it is it is often with malice and discontent.

What ends and what means are used by those who implement that strategy?

Before attempting to answer this question, I would like to say that those who implement this long term strategy are mortal human beings. Lenin died in 1924; Stalin, in 1953; Khrushchev was removed from power in 1964 before dying in 1971, and Brezhnev, who succeeded him, has supposedly been ill for many years! However, Lenin brought about the Russian revolution. Stalin conquered Eastern Europe and China. Khrushchev prepared the pressures exerted on the Middle East and Africa and achieved the satellization of Cuba. Brezhnev caused the fall of the Indochinese peninsula and began the conquest of Africa on a very large scale. In other words, the men may change, but the strategy progresses.

Its final end is very obvious. It aims at extending the Soviet empire and its ideology, dialectic materialism, to all countries and all continents of the world. Nearly one half of the inhabited territories are already subjugated in law or in fact to this empire. However, beyond its sphere of influence, two realitites constitute a significant power that still escapes it—a spiritual reality that includes all those who believe in one God, the God of Abraham, Isaac and Jacob. In their heart the Church of Jesus Christ is spread and communicated the world over—a political, economic and military reality; the individualistic West is willy-nilly federated from a defence point of view around the United States armed forces, the most powerful army vis-à-vis the Soviet army.

However materialistic they may be, Soviet strategists do not underestimate the spiritual powers still left in the world. They have indeed worked hard to bring about within the Catholic Church the emergence of an integrative right wing and a progressive left. They have not stopped fostering tensions between the Islamic world and Israel. Today at a time when Begin and Sadat are trying to achieve peace, because they both believe in God, Moscow's action aims at politicizing Islam and opposing the front of refusal to the front of peace, namely, the progressist Arab states to the others.

Yet the essential aspect of the Leninist strategy these days and since 1973 is not to be found there. It aims—and this is becoming more and more evident—at controlling in a radical and irreversible manner all the oil sources without which Europe can no longer survive. If ever the Soviets gain control over these sources and are in a position to dry them out, it will be without having recourse to war that Europe, brought to its knees, will in turn become a satellite. Economic paralysis will suffice. The Americas will then be isolated and encircled.

It was in 1973 in the aftermath of the Kippur war that Soviet agents hinted to the oil-producing Arab leaders that the West could afford to pay. Knowing little in economics, the

producers did not understand that raising the price of the oil sold to the western countries would entail a similar rise in western prices of commodities sold to oil-producing countries. They therefore got involved blindly in an operation whose true purpose, unknown then to most of those who had recourse to it, was to unleash a galloping inflation in the western countries. It took five years for the oil-producing countries to realize that they had been tricked. Meanwhile the Soviet strategy had made the threat loom even bigger.

There are only three routes along which the oil the West needs can be shipped to the West from the Middle East where 57 per cent of the world reserves are located:

The oldest one is through the Suez Canal. Cut in 1967, reopened in 1975, only ships whose tonnage is less than 60,000 tons can presently use it. However, works carried out over a period of several years will make it navigable by oil tankers of a superior tonnage.

Yet at the very moment when France was leaving Djibouti, the Soviets were solidly setting foot in Ethiopia while spreading their influence to North Yemen, thereby preparing for total control over the canal outlet on the Indian Ocean.

The second oil route goes through the desert of Syria, a country armed by the U.S.S.R. This explains in part what is happening in Lebanon. The Russians have now set foot in Irak and Afghanistan and they are now striving to take over Iran. With such conquests they would have direct access not only to the Indian Ocean but also to the Mediterranean, through a willing Syria. The emirates would be directly threatened.

The third and now most important route goes around Africa. In 1974, some 83 per cent of the west bound tonnage sailed down the coast of Africa to the Cape then up through the Atlantic. In order to totally control that route, the U.S.S.R. has but to lay hands on the southern parts of Africa, and the West is now helping it achieve this with drunken stubbornness.

Such is now the U.S.S.R.'s basic strategy. Russia is an oil producing country. So is the United States, but not Europe. We can therefore understand the powerful and perseverant idea of Leonid Brezhnev, who has now been controlling global events for nearly 15 years and planning well ahead all the deadlines that have been reached since 1973 in South-East Asia, the Middle East, and Africa, and he is now organizing a warless capitulation of all Europe.

The discussions at Camp David must be understood in that light. What was at stake there and remains resolved involves much more than peace between Israel and Egypt. It involves the future of the world itself.

How do threatened countries envision their protection? I hardly dare answer.

I have analyzed here President Carter's policy. The local but real and significant progress at Camp David should not lead us to forget the main weakness of the United States' attitude toward Russia.

> The Soviet Union can choose either confrontation or co-operation. The United States are ready to cope with either choice.

So spoke President Carter at Annapolis on June 7.

In other words, the Americans are hesitating between two hopes: either make Soviets "understand" that the American way of freedom and prosperity is respectable and should be let alone to expand, or "confrontation"; in other words, war. It is a terrifying thought that the current U.S. diplomacy has no other overall plan.

President Carter, his trilaterist advisers and a number of other western leaders apparently did not notice the unfolding in the world, month after month, of an indirect strategy that, through hardly noticeable revolutionary means, topples country after country into the Soviet sphere of influence, while preparing Europe's downfall. General Beauffre applied the term "artichoke peeloff" to that process of a step-by-step implementation of an overall effort whose general design escapes the opponent until the last moment.

This is happening now. Saigon's overtaking seemed fair to westerners—that was such a corrupt regime! The communist revolution in Afghanistan seemed acceptable—it was warranted by the backward state of that nomad shepherd nation! We read the other week in a number of our newspapers that wealth was so badly distributed in Iran, the Shah's regime was undefendable! And western countries, for reasons they find compelling, take pleasure in weakening Rhodesia and South Africa, around which 80 per cent of the west's oil supply still travels freely.

Will we finally understand that communist propaganda has been promoting for years two opposite behaviours?

Any violation of human rights in a "capitalist" nation is reason enough for the government's overthrow and the crossing over to the Soviet side. Under that theme, every revolution in Asia and Africa was "gobbled" by the west.

But, on the other hand, any denunciation of human rights violation in a communist country is considered as a lie and leads only to sending signed petitions to the legitimate communist government, which will pretend indeed to be up in arms about it.

I am not exaggerating. While western countries have imposed drastic economic measures on Rhodesia and its Prime Minister Ian Smith, an honest man who, in spite of all opposition, is transferring the political power to non communist blacks, we see that in reaction to Goulag and psychiatric hospitals in the U.S.S.R., the United States decided on July 19 this year to defer selling one computer.

One could make similar comparisons with South Africa. Helping that country turn away from apartheid is quite different from putting Namibia in the hands of guerrillas armed by Moscow. It is in this context that one has to view Mr. Vorster's recent decision to reject the United Nations program for Namibia. By doing that, he attempts to protect the independence of his people—be they black or white—and he also tries

to secure oil supplies for the community of nations that condemned him.

One can see how these threatened countries envision their own protection. They prove their goodwill to Moscow by taking a hard line with their allies and a soft one with their opponents. But if naive as they are, they happen unfortunately to be disappointed, hurt or humiliated, they will make war. They did not hesitate with Hitler. They will do it again.

One can understand quite well what Walter Cronkite said about the situation in Iran:

> "If you are not worried about the international situation right now, then you will have to have your TV or radio set fixed up".

What is basically missing in the defensive system of western countries? What are they lacking in the face of the greatest danger in history?

The main thing is that democratic countries do not understand that the other side has a "global strategy". The U.S.S.R. does not divide the world according to definite and distinct "problems". It considers all countries as pawns that it has to use to achieve its purpose, which is to have a hold on all oil-producing countries—Middle-Eastern and African countries—in order to be able to have Europe paralyzed and on its knees. Its last move will be to strike America and get it to surrender by wearing it down with a domestic crisis such as Watergate.

On the opposite, the west does not consider problems as a whole and puts up solutions to show their goodwill to the U.S.S.R., never failing thereby to fall into the traps that have been set for them.

Solzenitsyn may have hurt the Americans by saying that what is most striking to the eyes of a stranger is that

> civic courage has disappeared not only from western society in general but from each of the countries that are part of it, from each party and also, of course, from the United Nations.

Americans do not consider themselves cowardly; indeed they truly believe in fighting another war to achieve world freedom. But Solzenitsyn who, as a lone and courageous fighter, stood up to communist power, does not delude himself by thinking that it is for selfish motives that Americans are letting the strategic powers of the world get stripped to nothing. Why indeed this policy of "all or nothing"?

It is because Americans—and the west in general—naively believe in the virtue of democracy. Where realistic, forceful, commensurate action preventing any further advance would be warranted, the west prefers to look the other way, hoping that communists, seeing the economic results in the west, will abandon their system. The only time Americans acted was in 1962 when they forced Soviet ships carrying missiles to Cuba to turn back. Had they kept the momentum, which would have required strength of character, not later in an apocalyptic war and when everything will be lost but here and now, the USSR would have regressed and not progressed.

[Senator Bélisle.]

To understand that a war is waged against it and that the strength of character cannot be kept in reserve uniquely in the event of a world conflagration, the western world will have to rediscover God. It has to rediscover praying.

What struck me most in the Camp David talks is not the fact that they were lengthy, nor that actual concessions have been made by both parties, but the fact that the result—the first in a very long time—has been achieved by three men who believe in and pray to the same God.

I am more and more convinced that the catastrophies, the ordeals and also the desperation of our society are not the effect of hazard nor even of man's mischievousness. Above anything else, they are due to the fact that our society does not pray anymore. Consequently, it is left with no spiritual strength to fight or resist atheistic militancy. Our society does not of its own accord commit itself to God's protection.

When President Sadat went to Jerusalem on November 19 to pray to the unique God on Jewish soil, many felt a great event was about to occur. When, on December 25, the Israeli Prime Minister set foot on Egyptian soil, that feeling was intensified. In addition, on September 17 last, President Carter reminded us that thirteen days earlier he had asked the whole world to pray for the success of the negotiations, "Those prayers," he added, "were granted beyond our wildest hopes".

In that, I see a sign of renewal. But it is still only a sign. Could it be that a great sense of ecumenism will permeate the world in answer to a prayer for heavenly peace? And why not?

For so many years now the Pope, in Rome, has been asking that we pray for peace, the real one, that which presupposes mutual concessions, reciprocated sacrifices, the respect of agreements. Could it be that the day is drawing near when Catholics, all Christians, the Jews, the Moslems will come to join together, in mutual agreement with believers among the heads of state throughout the world, to obtain from God that the reconciliation between Israel and Ishmael, to which shape was first given on Chistmas Day last year, be consecrated by peace, as it is wished, within the next three months?

To have it so, all that need be done is for all believers among the religious and political leaders to make a common statement, in all humility, asking all men and women in the world who share their faith in a God creator and Father, to join in a common entreaty. It could be done between two dates of equal meaning to all sons of Abraham—or which would become so every year from the day of the first "prayer of all believers throughout the world".

We might then have done more to make governing bodies and peoples understand, at long last, what the "indirect strategy" of communism is, by celebrating "human rights" which, in themselves, have not power. It is neither democracy nor human rights that can save humanity by leading it towards wisdom and strength. Only God can do so.

Moreover, it is not enough to avoid war and slavery. It is not enough to avoid giving up naively the extreme strategic positions that guarantee security in Europe, in America and elsewhere. What is needed, in addition, is the occurrence of an

unimaginable spiritual event in the world, and that the peoples of Russia and those it dominates find or find anew, through Mary's intercession, the God who leads the history of the nations along different paths, depending on whether they shun or adore him.

• (1510)

[*English*]

**The Hon. the Speaker:** Honourable senators, as no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, November 14, at 8 p.m.

# THE SENATE

**Tuesday, November 14, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## PRIVATE BILL

J.H. POITRAS & SON LTD.—FIRST READING

**Senator McIlraith** presented Bill S-8, to revive J.H. Poitras & Son Ltd.

Bill read first time.

**Senator McIlraith** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## RETIREMENT AGE POLICIES

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Croll,** Chairman of the Special Senate Committee on Retirement Age Policies, which was authorized by the Senate on December 7, 1977, to examine and report upon the existing retirement age policies affecting workers in both the public and private sectors, tabled, pursuant to rule 84, a report of the expenses incurred by the committee in connection therewith during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking Trade and Commerce, which was authorized by the Senate in the Third Session of the 30th Parliament to incur special expenses for the purposes of its examination and consideration of such legislation and other matters as might be referred to it, tabled, pursuant to rule 84, a report of the special expenses incurred by the committee during the Third Session of the 30th Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, November 15, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## CANADA LABOUR CODE

COMMITMENT BY GOVERNMENT LEADER RESPECTING REPRESENTATIONS BEFORE SENATE COMMITTEE—QUESTION

**Senator Flynn:** Honourable senators, I have a question for the Leader of the Government, but in his absence I think the deputy leader may take it as notice. In any event, the leader would have done so.

On April 13 last, during the discussion on Bill C-8, to amend the Canada Labour Code as reported at page 633 of *Hansard* for that date—and I am sorry I have to quote but the context of the question requires it—the government leader said:

> If we met the requests that have been received from certain groups to be heard now with repeated and new arguments, with variations of the views that they set forth in the other place, if we give those groups the kind of attention Senate committees traditionally give to important representations, the process might take days, perhaps even weeks. Within the timeframe available to Parliament, with the imminence of a national election—

And I remind the house that this was on April 13.

> —and there is no mystery about that possibility—the Senate literally could not deal with this measure in committee, hear all these groups and report back to Parliament before prorogation.

He probably meant dissolution.

**Senator McIlraith:** He did not mention which year.

**Senator Flynn:** No, he did not mention which year, and he used the wrong word—he said "prorogation" when he meant "dissolution". But then, his conscience troubling him, he went on to say:

> I want to give this commitment to the house. I shall undertake the appropriate initiative in the near future to have the subject of labour relations in the federal sector referred to the Standing Senate Committee on Health, Welfare and Science. I certainly hope that all groups not heard on the subject of Bill C-8—

This was a bill sponsored by Senator Marchand, if I remember correctly.

> —and indeed many of those who have been heard if the committee should so decide, would appear before that committee to state their views—indeed to state ways in which they think the Labour Code of Canada should be changed at some future date.

Again, "future date" is rather wide.

I have had several inquiries from those who have not been heard and, therefore, I ask the government leader if he is considering undertaking the initiative he promised to undertake on April 13; if he has not done so, when does he anticipate doing so?

**Senator Langlois:** Honourable senators, the nature of the question is such that I am not in a position to answer it. The Leader of the Opposition asks when a commitment given by the leader will be fulfilled. I know that the leader has foremost in his mind this undertaking that he gave at that time, but I am in no position to give any information on when that commitment will be met. I shall take the question as notice, and bring it to the attention of the leader when he returns to Ottawa.

**Senator Lamontagne:** At a future date!

**Senator Flynn:** I hope he won't give the imminence of a national election as an excuse again.

**Senator Langlois:** I do not think such rumours are all that strong on your own side.

● (2010)

## LABOUR

### NUMBER OF STRIKES—QUESTION

**Senator Walker:** Honourable senators, may I address a question to the Leader of the Government through the kind offices of the able and distinguished acting leader?

Since Canada has the largest number of strikes per capita per year of any industrialized country in the world, would the honourable the Leader of the Government outline what steps, if any, the government proposes to take to reduce the number of strikes?

**Senator Langlois:** Honourable senators, I am not prepared to accept the premise of the question. However, I shall take it as notice, and I am sure the Leader of the Government will provide an answer at the next opportunity.

[*Translation*]

## PROVINCE OF QUEBEC

### STUDY OF SOVEREIGNTY-ASSOCIATION BY SENATE COMMITTEE—QUESTION

**Senator Asselin:** Honourable senators, I have a question for the Deputy Leader of the Government.

Since the Economic Council of Canada, through one of its experts, stated last weekend that the sovereignty-association concept supported by the Quebec government would result in the loss of 21,000 and a few hundred jobs in Quebec, and that the Tellier group, for which the Honourable Marc Lalonde is the minister responsible, has already stated in a study that there would be a loss of at least 300,000 jobs, while other experts have quoted other figures and other consequences, that the possible separation of Quebec could have under its concept of sovereignty-association, would it not be in the interest of Quebecers and Canadians in general for the Senate to examine seriously this problem and for a committee of the Senate to be established to ask these experts, whose opinions are contradictory, to testify and give their sources of information so that this committee could draw conclusions which, in my opinion, would be objective and in the interest of all Canadians, and more particularly of Quebecers?

**Senator Langlois:** Honourable senators, this reminds me of an experience of a committee of the Senate, the Committee on Finance, a few years ago when we decided to bring in so-called experts from everywhere in the world. We had economists from Japan, West Germany, Great Britain and the United States, as well as heads of economics departments from our Canadian universities, and these many experts gave us contradictory evidence to such a point that we no longer knew which way to turn.

I like the idea behind the question asked by my honourable friend, but I believe he should not entertain any such illusion as to expect experts to agree on an issue as complex as that one.

As far as the Economic Council of Canada's view is concerned, the Honourable Mr. Lalonde expressed his disagreement some days ago. I assume other statements on that subject will be made in the near future. However, expert opinions should not be taken at face value, because, as a lawyer, Senator Asselin is very much aware that before the courts, experts are not always in agreement, although under oath, and they often give rise to criticism.

**Senator Asselin:** I have a supplementary that is also a question of privilege, honourable senators. There seems to be an attempt once more to minimize the significance and role of this house. More and more people talk of changing the Senate, its structures, its goals, its objectives. Indeed this should be a question for the Senate to scrutinize and study in depth.

We have here people in authority—the Economic Council of Canada is in my view an authoritative body—used to making serious studies, but on the other hand you have . . . Senator Lamontagne has something to say. Do you wish to rise?

**Senator Lamontagne:** Honourable senators, I wanted to suggest this was not a study published by the Economic Council but a study made by two experts for the Economic Council.

**Senator Asselin:** It is the same thing.

**Senator Lamontagne:** No.

**Senator Asselin:** They were retained by the Economic Council, and I submit the Economic Council is responsible for allowing the publication of studies that go contrary to the views of the minister's experts. It amounts to the same thing. There is no point in stopping me and putting questions, interrupting. It amounts to the same thing, Senator Lamontagne.

My suggestion is, therefore, that the Senate's role is precisely to clarify such situations in an objective way. Honourable senators, we have here the Minister of State for Federal-Provincial Relations who is debating with and confronting Quebec. Because he indicates he has studies pointing to such and such a thing; and on the other hand, there is the Economic Council of Canada, whose experts are appointed by the same government, and contradict what the minister and his experts are saying. It seems to me this is precisely the type of situation where the Senate should step in and set up an independent committee that would clarify all this, and inform the people on that matter.

**Senator Langlois:** Certainly my honourable friend did not understand my answer. I was agreeing with his suggestion, and I so stated. I even expressed the hope that such a motion would come forward. I hope he puts that motion forward. I will be quite happy myself to comply with the Senate's decision, and even to sit on such a committee.

[*English*]

## THE SENATE

### SUPPORT SERVICES FOR SENATORS—QUESTION

**Senator Marshall:** Honourable senators, may I address a question to the Acting Leader of the Government in the Senate concerning a broader base of support services for senators? It has been my experience, since I have been here, that the support services at our disposal, to enable us to do our job, are little or insignificant. I wonder if the acting leader could indicate if there is any discussion taking place on improving the support services available to senators so that they can broaden the base of investigation, or whatever it is their job to do. I hope he can give me an answer beyond any suggestion that such a matter would be the responsibility of the Internal Economy Committee. Are we in fact going to get the support services to enable us to do our job, and carry out our increasing responsibilities?

**Senator Langlois:** If I understand the question of the honourable senator correctly, he is referring to support services such as the research which is provided for individual senators wishing to study a particular subject or problem. I am all in favour of this. Of course, I have to say that this question should be brought to the attention of the Internal Economy Committee, and I will do this myself as a member of that committee. I am in favour of the suggestion of the honourable senator, and my hope is that one day we will get the kind of service referred to by him.

**Senator Marshall:** Honourable senators, by way of a supplementary question, I should like to refer to the greatly increased support staff in the other place. Under their program university students are brought in to assist members to research various aspects of legislation. I would ask the acting leader if, beyond the terms of reference of our Internal Economy Committee, such a program could be considered for this house, because it would enhance our ability to show Canadians what can be done by the Senate, of which I am so proud.

**Senator Langlois:** I repeat that I favour the suggestion put forward by my honourable friend, but I must say again that we cannot escape going before the Internal Economy Committee to get the necessary funds for this purpose. I am ready to support this suggestion, and I hope I will have the support of all members of that committee.

**Senator Smith (Colchester):** Honourable senators, I am delighted to hear the response of the distinguished Acting Leader of the Government. I wonder if he could assure us that his philosophy, with which I am sure we all agree, could be actively supported in the hope of its being implemented by whatever means may be necessary. It would be very much to the credit of the Senate if the kind of support services that he and my colleague agree upon as desirable could be brought about. I would simply ask him if he knows of some means by which the Senate as a whole could bring about this desirable result.

● (2020)

**Senator Langlois:** I can only repeat that the Internal Economy Committee is the body to which we should put such a proposal, and let me say again that I am ready to lend my support to this suggestion. As the Chairman of the Internal Economy Committee is in the chamber this evening, I shall take this opportunity to serve notice on him that he is going to hear from me in this respect very soon.

**Senator Smith (Colchester):** Honourable senators, I thank the Acting Leader of the Government for reminding me that it is possible under our rules to direct a question to a committee chairman. Perhaps the very distinguished Chairman of the Internal Economy Committee would consider dealing with this question, namely, what the Internal Economy Committee can do to bring to fruition the desires shared by the Acting Leader of the Government and my colleague, and no doubt by many other distinguished and able senators.

**Senator Laird:** The honourable senator is aware, of course, as is his deskmate, of the research facilities available to all senators individually through the Research Branch of the Library of Parliament. It is the right of any senator who wishes a matter researched to ask for help in that respect from the Research Branch of the Library of Parliament.

As to the other matter, if one is going to make any progress, I have to know specifically what proposals would be suggested.

For example, it was suggested that interns be assigned to senators such as those available to members of the House of Commons. Well, all I can say is that I would be happy to do that provided it does not cost any money.

**Senator Smith (Colchester):** Honourable senators, let me say that I appreciate very much the excellent services available through the Research Branch of the Library of Parliament. My question is not meant to imply the slightest criticism of those services, which are so willingly and ably rendered. However, all the research they can do is not going to help me find someone to assist me to get down on paper any views I might have as a result of that research.

**Senator Laird:** It depends entirely on what you want researched.

**Senator Buckwold:** Or what you might want to say.

**Senator Laird:** The starting point has to be a request on your part to get down on paper some information on a given topic. That is how you would go about it.

**Senator Smith (Colchester):** I am sure the honourable senator did not wish to misunderstand my question. It is my fault that he has. My question was really directed to those support services such as secretarial help, and so forth, that are available to the ordinary senator—and I consider myself at least an ordinary senator—to enable him to get on paper what he might want to say based on the research he has received.

It seems to me that the Internal Economy Committee might well direct itself to the problem of senators who want to take an active part in the day-to-day work of the Senate but whose desires in that respect are somewhat restrained by the lack of secretarial and similar services available to them.

**Senator Laird:** The honourable senator no doubt appreciates that the reason there is not a flock of secretaries for each senator is one of economics. It is purely a monetary matter. For example, I share a secretary with two other senators, and I am a reasonably busy senator. This is purely for monetary reasons.

**Senator Marshall:** Honourable senators, I should like to comment on Senator Laird's remarks. He said that I had suggested that interns be assigned to individual senators, and he assumed that I was aware of the research facilities available to honourable senators in the Research Branch of the Library of Parliament. Well, the Research Branch is working on three projects for me right now. But I do not have enough secretarial help to answer my mail, and I do not have enough help in respect of researching *Hansard* so that I can follow up matters and assure the people in my part of Canada that the Senate is protecting their rights and giving sober second thought to legislation. There is just too much to do in certain parts of the country, particularly the poorer parts.

To say that money is not available is absolutely ridiculous. The members of the other place have had the allocation of funds for secretarial help increased to $46,000, $10,000 in the district, and a constituency office. Certainly we should get some small portion of a similar amount so that we are better able to do the job we are supposed to do. I cannot accept the statement that there is no money available.

**Senator Laird:** I might inform honourable senators that the interns assigned to members of the House of Commons are not paid out of public funds; they are paid by private institutions that send them to Parliament to gain experience, probably in connection with a university course.

**Senator Argue:** Honourable senators, we have had an excellent response from the Acting Leader of the Government, and this matter should be followed through. I should like to see a general debate in the Senate on this question because I think the need for support services is very great. We cannot function here with two senators sharing one secretary. We cannot do our job of representing regions if we do not have adequate secretarial and research assistance.

The other day I looked up certain amounts spent by Parliament in a year. The House of Commons spent $59 million, the Senate spent $10 million, and the Library of Parliament spent $4 million. The amount spent by all committees of the Senate totalled $440,000, while the research offices attached to the caucuses in the other place spent more than $330,000. Senators are working virtually without any help.

It is not good enough to say that the Library can prepare a research paper. They can prepare a good research paper on an item coming up in a month or two, but they are relatively useless if you phone them up and want some research done quickly on some event that is happening, say, in Congress in Washington. They get the *Congressional Record* a month after it is produced. What the Library does, and does well, is no substitute for the kind of research help we need.

The House of Commons is spending additional sums of money to provide services for its members, but we do not have the gumption to ask for the kind of appropriation that we need to do a job for the Senate.

I was trying to get regional offices established for senators, but what did the Government of Canada say a year ago, or two years ago? They said, "No regional offices for senators. Senators don't represent regions." The message I get is that the powers that be don't want senators to represent regions, and then they say we are not doing an adequate job and they want to get rid of us.

I suggest that the Senate should take a stand on this question. The Standing Committee on Internal Economy, Budgets and Administration should put in the Senate estimates sufficient money to provide the kind of support services that senators need in order to serve the country.

• (2030)

**Senator Laird:** I will keep that in mind.

**Senator Flynn:** That was not a question.

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

SECOND READING—DEBATE ADJOURNED

**Hon. P. Derek Lewis** moved the second reading of Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act.

He said: Honourable senators, although I have been a member of this house for some months, this is the first opportunity I have had to move the second reading of a bill, and I feel deeply honoured. I would also take this opportunity to thank Madam Speaker and all members of this chamber for the welcome and the many kindnesses and courtesies shown to me following my call to this house. I now ask your indulgence on this, my first presentation.

Honourable senators, a shipping conference is an association of ocean carriers, operating scheduled services in the same area, which regulates rates, charges and conditions governing the transportation by its members of goods by water.

Shipping conferences usually have a permanent organization, constituted under an agreement by all members, governing membership, voting, meetings, admissions, violations, penalties and such like. Since such an organization has as its object the limiting of competition among its members it, in effect, constitutes a cartel, although not a monopoly, since a distinction has to be made between a shipping conference and carriers competing in the same trades, but operating outside the conference system, and carriers in the bulk trades, such as oil, coal and grain. The conferences system exists worldwide, and has been in operation for more than 100 years. As of December 31, 1977, there were 50 inbound and outbound conferences active in the Canadian trades.

Because of the nature of shipping conferences, there have been several government investigations into conference practices, starting as early as 1913. In 1965, after a comprehensive study on conference practices, the Restrictive Trade Practices Commission concluded that conferences operated as cartels, contrary to the provisions of the Combines Investigation Act, but that the public interest would not be served by excessive rate competition and instability in the liner trades. As a result, Parliament enacted the Shipping Conferences Exemptions Act, which came into force on April 1, 1971, and is due to expire on March 31, 1979, following an extension of five years.

The object of Bill S-6 is to provide continued exemption for certain shipping practices from the provisions of the Combines Investigation Act, to take effect on April 1, 1979, on the expiration of the existing exemption act.

With the present act due to expire early next year, the government carried out a review of conference operations, and concluded that the activities of the shipping conferences under the Shipping Conferences Exemptions Act, continue to serve the public interest. In particular, the conference system has produced a measure of rate and service stability. The conference lines have established standards of performance and sufficient capacity to cope with normal surges in demand. In addition, the conference system produces a return on carrier investment stable enough to encourage the employment of modern vessels and new technology.

A recent enquiry conducted by the Canadian Transport Commission solicited the views of the Canadian private sector concerning shipping conference practices. The general consensus of the briefs submitted, from both ocean carriers and shippers of goods, was that conferences should be provided with continued exemption from the provisions of the Combines Investigation Act, subject to certain safeguards. It also concluded that the Shipping Conferences Exemption Act has had a measure of success in achieving the purpose for which it was passed.

Honourable senators, the present act spells out those conference practices, such as the charging of a common tariff, that are exempted from the Combines Investigation Act. At the same time, the act lists those practices, such as rebating where a patronage contract applies, that are not exempted.

In addition, the act requires conferences to file with the Canadian Transport Commission all relevant documents, such as agreements and tariffs, and specifies the penalties if the provisions of the act are not adhered to. The basic approach has been to permit conferences to operate freely in Canadian trades, but subject to certain requirements designed to protect the public interest.

Bill S-6 is based on this model. It sets out clearly those conference practices that are acceptable and those that are unacceptable, providing guidelines for the conferences, which can operate with the assurance that they will not lose their exempt status from the provisions of the Combines Investigation Act as long as they operate on the basis of these rules. At the same time, however, it has become clear that a number of changes are desirable to ensure that the national interest is fully served.

For example, while the most appropriate role for government is to monitor the activities of conferences, and to act only if it is clear that their activities are prejudicial to the public interest, the present act does not provide specific authority to act in this respect. Bill S-6 makes specific reference to section 23 of the National Transportation Act, by providing that any contract, agreement or arrangement which is required to be filed with the Canadian Transport Commission, of any practice of a member of a conference, that has the effect of restricting competition to a degree that exceeds the restriction required to ensure a reasonable degree of rate or service stability is prejudicial to the public interest. This brings into effect the regulatory authority contained in section 23 of the National Transportation Act.

Secondly, it is important that the public interest be protected by providing the government with sufficient power to obtain any data that may be necessary to identify and correct any prejudicial features.

While it is expected that such provisions would be used only as a last resort, and after conferences have had an opportunity to comment, Bill S-6 provides the Governor in Council with power to make regulations requiring member carriers of a

shipping conference to produce sufficient information to ensure effective supervision of conference activities.

To clarify the status of inter-conference agreements and agreements between conferences and independent lines, provisions have been included in the bill exempting them from the Combines Investigation Act, and requiring them to be filed with the Canadian Transport Commission. This requirement will allow such agreements to be made public, and will permit detailed analysis of their implications.

It is considered unrealistic to expect all interested parties to visit the Canadian Transport Commission offices in the capital to examine tariffs and agreements, and, as it is not feasible to provide copies of these documents to the public, Bill S-6 requires each conference to maintain an office or agency in that region of Canada in which it operates where copies of all documents filed with the commission may be made available. It is believed that such provisions will make filed information more accessible to shippers.

● (2040)

To improve access to conferences for Canadian exporters, the bill requires members of outbound shipping conferences to meet with designated shippers' groups when reasonably requested by the groups to do so, and to provide information sufficient for the satisfactory conduct of such a meeting.

To keep pace with changes in technology and the world situation, it is felt that this measure should be reviewed in five years. An expiry date of March 31, 1984 has, therefore, been incorporated in the bill with powers of extension to ensure that conference practices are subject to such a review.

The present act requires that the prescribed documents be filed with the Canadian Transport Commission not later than 30 days after they are adopted by the conference, but in many cases the Commission has experienced difficulty in establishing the date of adoption. To correct this situation, Bill S-6 requires each amendment to a document to be filed no later than its effective date, permitting documents to be more easily monitored and ensuring that tariffs on file with the Commission are up to date.

The present restriction of certification powers of the chairman or secretary of a conference has created some problems when either or both are absent, or when such positions do not exist. Bill S-6 would broaden the authority to certify documents to include any official duly appointed by members of a conference.

Finally, it is considered that the fines and deposits in the punishments and security provisions are unrealistically low, and appropriate changes have been made in this bill.

While a number of countries, including Canada, carry out periodic reviews of the activities of shipping conferences, most of them continue to support the liner conference concept.

In closing, honourable senators, it is my belief that this bill provides an appropriate balance between the needs of shippers and the needs of the conference members. It provides adequate safeguards to protect the public interest and the necessary framework to permit the conference members to provide a measure of rate and service stability in the volatile world of ocean shipping. Accordingly, I request your support for second reading of this bill.

**Senator Lang:** I must apologize to the honourable sponsor of the bill for not having looked at it, but I have two specific questions which spring from my own ignorance of the area of activity involved. First, is this the first time we have introduced legislation to exempt these conferences from the provisions of the Combines Investigation Act?

Secondly, the honourable senator mentioned that each conference has to keep an office in Canada. With the lack of shipping companies operating under the Canadian flag, I am wondering how we could conceivably enforce such a provision. These conferences are internationally independent. Are we not whistling in the dark?

**Senator Lewis:** Senator, in answer to your first question, this bill is to replace an act which was passed in 1970, and which will expire next March. On your second question, although there is not much Canadian shipping, this bill provides that those conferences which are going to operate into Canada, and which wish to avail themselves of the exemption of these practices, must maintain an office here.

**Senator Lang:** In other words, they are conferences that are shipping goods into Canada and carrying goods out of Canada?

**Senator Lewis:** This applies to the conferences carrying goods out of Canada. As I understand it, the reverse applies in countries from which they carry goods to Canada.

**Senator Smith (Colchester):** I should like to ask the honourable sponsor a question which really relates to the philosophy of the bill. Before doing so, I should like to congratulate him very much on his clear and vigorous delivery. I regret that anything I might ask should in any way interfere with the excellent impression that I am sure he has made upon every member of the Senate.

I have read this bill without very much success in understanding it. I should like to ask how its philosophy is compatible with the philosophy of bills which the Standing Senate Committee on Banking, Trade and Commerce has been dealing with in the last two sessions, and I would refer specifically to the Competition Bill. The vigorous enforcers of the Combines Investigation Act were eager to give explicit approval to what is to me a clear combination of shippers to make certain that there is a very limited degree of competition on the seas.

**Senator Lewis:** Honourable senator, I appreciate your question. First, I must admit that I am not too familiar with the bills that the Standing Senate Committee on Banking, Trade and Commerce has been studying. However, on the question of competition, I would say that this is the reason for the exemption. It is thought that if it were not for the exemption provisions, then these practices could possibly be in contravention of the competition legislation.

However, the philosophy, as I understand it, is that it has been found for over 100 years that it is necessary for shipping

lines to operate these conferences to enable the industry to be able to operate, and this fact has been given worldwide recognition. As I said in my presentation, this was of concern to the government, which carried out a number of investigations, starting in 1913, for this very reason. It was found necessary for carriers to operate in this way in order to provide some stability, and also to provide them a reasonable return on the huge investment which is now becoming necessary if they are to continue to provide scheduled services. I would like to emphasize the word "scheduled" since it is the scheduled lines that this applies to, and not the tramp steamers and unscheduled shipping companies.

**Senator Smith (Colchester):** I thank the honourable senator for his answer and congratulate him upon its content, with one exception. I happened to notice that he was not able to reconcile his explanation with the principles in the Combines Investigation Act. However, I realize that is probably beyond the ability of anybody to do, and since I really do not understand the bill myself, and since my colleague from Newfoundland on my right probably understands it better than I do, I beg the leave of honourable senators to move adjournment of this debate in the name of Senator Marshall.

On motion of Senator Smith (Colchester), for Senator Marshall, debate adjourned.

## INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Andrew Thompson** moved the second reading of Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, the purpose of this bill is to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax. In addition, the bill provides that the Governor in Council may, subject to a resolution of Parliament, give effect by Order-in-Council to any supplementary conventions or agreements.

● (2050)

At the time of tax reform in 1972 Canada had 16 tax treaties in force. The number is now 24, because I was informed by the department this evening that Morocco has ratified an agreement. It is expected that some 40 other countries will be added to that list.

As I said previously in the case of similar legislation approved by Parliament over the past two and a half years, this bill contains a Part which deals with supplementary conventions or agreements, and that is Part IV which is to be found on pages 3 to 6 inclusive. That Part is designed to ensure that the past treaties be kept up to date as a result of changes in the tax systems of Canada and the other countries. The mechanisms provided for so doing under this bill are similar to those provided in previous bills.

[Senator Lewis.]

The three tax treaties under review follow the general pattern of the recent treaties previously concluded with other countries. They also follow, to a large extent, the format and language of the model Double Taxation Convention prepared by the Committee of Fiscal Affairs of OECD. Two of the treaties, the one with the United Kingdom and the one with Jamaica, when in force, will replace existing agreements respectively signed in 1966 and 1971.

The text of Bill S-7 which, as I said before, is modelled on the draft Double Taxation Convention prepared by the OECD, is divided into six Parts under the headings "Scope of the Convention", "Definitions", "Taxation of Income", "Methods for Prevention of Double Taxation", "Special Provisions", and "Final Provisions."

There are slight differences to reflect the tax policies of each of the respective countries, and I would suggest, having read the reports of the Standing Senate Committee on Banking, Trade and Commerce, that the members are very familiar with this format, and here I have in mind particularly Senator Walker who, for Senator Grosart, raised questions in that committee which I have read. The committee dealt with the first treaty bills to come before us. I think I should point out that there are some differences between the agreements to which this bill relates and the agreement with the United Kingdom signed in 1966 and the agreement with Jamaica signed in 1971.

The treaties, as I think all honourable senators know, generally provide that dividends can be taxed in the country of source at a maximum rate of 15 per cent. In the case of the United Kingdom, the rate is nil when dividends are received from a foreign affiliate of the Canadian enterprise, and in the case of Jamaica, in the same circumstances, their rate is set, as in the existing agreement, at 22½ per cent. I understand that for the developing countries the dividends are a source of revenue, and it was explained to me that Jamaica has as its domestic rate 37 ½ per cent, so it was felt that there was some generosity on their part in bringing it down to 22 ½ per cent. A new feature in the United Kingdom treaty is a provision ensuring that Canadian individuals and non-controlling corporations will receive a refund of the United Kingdom Advanced Corporation Tax.

A general rate of 15 per cent is provided for in the case of interest originating in one country and paid to a resident of the other country. Certain types of interest—for example, interest paid to the Export Development Corporation—are exempted in the source country. The 1966 agreement with the United Kingdom already provided for a 15 per cent rate while the one with Jamaica, the 1971 agreement, did not put any ceiling on the Canadian rate.

With respect to royalties, the conventions provide for a general rate of 10 per cent, except that the one with Korea provides for a rate of 15 per cent. The 1966 agreement with

the United Kingdom also provided for a 10 per cent rate, while the one with Jamaica provided for a 12½ per cent rate in the case of Jamaica and no ceiling in the case of Canada. The conventions with the United Kingdom and Jamaica also provide for an exemption in the case of copyright royalties.

So far as the other matters set out in the tax treaties are concerned, they are essentially similar. The provisions in the three treaties relating to capital gains, for example, are in line with the Canadian policy preserving the right of the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

In the area of non-discrimination, discrimination based on the concept of nationality is prohibited under all the treaties. This will ensure a fair and equal treatment in the three countries concerned. On the other hand, fiscal incentives based on the concept of residence, such as the small business deduction and the dividend tax credit in Canada, will not be affected. They will not have to be extended to non-residents.

I remember the matter of teachers being brought up by the honourable senator who is the President of Dalhousie University (Senator Hicks) with respect to an imbalance of foreign teachers in faculties across Canada, and the attractions in hiring foreign teachers. In line with the White Paper on Tax Reform, no special concession for teachers from abroad is included in the tax treaties. In fact, the new treaty with the United Kingdom removes the provision, contained in the 1966 agreement, granting a two-year tax exemption for teachers. The unilateral exemption granted Canadian teachers in Jamaica has also been removed in the new treaty with Jamaica.

Coming to pensions, I think the following aspect respecting the United Kingdom was discussed when the treaty with Italy was referred to the Standing Senate Committee on Banking, Trade and Commerce. Canada has preserved its right to tax pensions paid to residents of the three countries included in this bill. In the case of the United Kingdom—and I mention this because of its relationship to the case of Italy—with which country we have an agreement, there is a special provision whereby Canada or the United Kingdom will exercise that right only if the pension paid in a year exceeds $10,000. The country in which the recipient of the pension resides retains its full taxing rights.

The provision in the treaties dealing with methods for eliminating double taxation is a very important one. Double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit. In addition, an exemption is granted for certain dividends received from a foreign affiliate of a Canadian company. In order to promote the flow of capital and investment, the tax treaties also ensure that proper relief will be granted in Korea, the United Kingdom and Jamaica in respect of taxes paid in Canada.

• (2100)

The tax treaties with Korea and Jamaica contain an additional feature commonly referred to as a "tax-sharing provision". Under such a provision, the tax incentives granted by those countries under pioneer industry legislation will directly benefit Canadian residents. This is achieved by Canada's agreeing to take into account, for the purposes of computing the foreign tax credit, the amount of tax which would have been payable in the absence of the special incentive legislation.

Honourable senators, I have not gone into further detail because—and I have mentioned this to Senator Hayden—I believe the appropriate forum for discussing this measure in detail is the Standing Senate Committee on Banking, Trade and Commerce. It is my intention to move that the bill be referred to that committee if it receives second reading.

On balance, the terms of the tax treaties provide an equitable solution to the various problems of double taxation existing between Canada and the countries to which this bill refers. Therefore, I commend the measure to the favourable consideration of this house.

**Senator Grosart:** I wonder if I may ask the sponsor of the bill, or perhaps the Acting Leader of the Government, if any consideration has been given to the suggestion that this bill, and all such bills dealing with conventions, agreements and possibly treaties—the word "treaty" has been used here, although there is some doubt as to whether that is a proper use of the word—should be referred to the Standing Senate Committee on Foreign Affairs rather than the Banking, Trade and Commerce Committee.

I have no particular objection to its going to the Banking, Trade and Commerce Committee, but where it is a clear case of a treaty, or an international agreement between countries, it seems to me it is time we reconsidered the practice of sending the bill to that committee. Without prejudice, it seems to me that the bill is one that should go to the Standing Senate Committee on Foreign Affairs.

**Senator Thompson:** Honourable senators, personally I would have no objection to the bill's being referred to the Foreign Affairs Committee. I assumed, because of the practice of referring similar bills to the Standing Senate Committee on Banking, Trade and Commerce, that this bill should also be referred to that committee. However, I too see the logic of referring it to the Standing Senate Committee on Foreign Affairs.

**Senator Grosart:** Perhaps the sponsor of the bill will discuss that before making a motion at some later stage in the progress of the bill through the Senate. I move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Flynn, P.C.*).

**Senator Flynn:** Honourable senators, I am willing to yield to Senator Molson.

**Senator Molson:** I would like this order to stand.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 15, 1978**

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

Prayers.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Dawson had been substituted for that of Mr. Daudlin on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

## BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

**The Hon. the Speaker:** Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place tomorrow, Thursday, November 16, at 8 o'clock in the evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1978, pursuant to section 13 of the Department of National Health and Welfare Act, Chapter N-9, R.S.C., 1970.

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1977, pursuant to section 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Department of Public Works for the fiscal year ended March 31, 1978, pursuant to section 34 of the Public Works Act, Chapter P-38, R.S.C., 1970.

## CANADA-UNITED STATES RELATIONS

VOLUME II OF REPORT OF FOREIGN AFFAIRS COMMITTEE TABLED

**Hon. George van Roggen:** Honourable senators, I have the honour to table a committee report entitled "Canada-United States Relations—Volume II—Canada's Trade Relations with the United States."

The Standing Senate Committee on Foreign Affairs, as honourable senators will recall, was authorized in the last session of this Parliament to continue to examine and report upon Canada's relations with the United States.

Honourable senators, with your leave, I would ask your permission to say a few words in explanation of the report at this time.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator van Roggen:** Honourable senators will recall that the Foreign Affairs Committee has been studying Canada-U.S. relations for some years. Two or three years ago we tabled and published Volume I of the report relative to the institutional framework for the relationship, whereupon, on the further authorization of this chamber, we launched upon the study relative to Volume II, which involved our trade relations with the United States.

I shall not read to you in detail the last order of reference relative to the continuing study of our trade relations, which was in November of 1977, but I would remind honourable senators that on June 20, 1978, the Senate gave the committee leave to publish its report during an adjournment of the Senate, which was done early in August of this year.

During the course of the study of Canada-U.S. trade relations, the committee heard some 101 witnesses over 44 sittings. I do not wish to take up much time this afternoon, as I know there are two important committee hearings when the Senate rises, but for the record I should like to name and thank some of the organizations and individuals who made our report possible by the evidence they were willing to bring before the committee. Many government departments, of course, are included in this list. I will not name all of them, but certainly the Department of Industry, Trade and Commerce gave us unstinting assistance.

The following organizations were represented, without exception, by their presidents: the Automotive Parts Manufac-

turers Association, the Canadian Export Association, the Canadian Manufacturers' Association, the Travel Industry Association of Canada, the Canadian Federation of Independent Business—Mr. Bulloch—the Motor Vehicle Manufacturers Association of the United States, and so forth.

In addition, honourable senators, we received testimony from some of Canada's labour organizations, and in each case they were kind enough to be represented by their presidents or chief executive officers. They included Mr. Dennis McDermott, then head of the United Auto Workers of Canada, now, of course, President of the CLC; Mr. Lynn Williams of the United Steel Workers of America; Mr. L. H. Lorrain, President of Canadian Paperworkers Union, and Senator Edward Lawson of this house, who appeared not as a senator but in his capacity as a director of the Canadian Conference of Teamsters.

I might say it was a deliberate decision of the committee to seek evidence from chief executive officers and presidents of Canada's major corporations involved in Canada-U.S. trade, our feeling being that these people would be in a position to give frank testimony without having to answer to too many masters. It is not an exhaustive list at all, but I will name some of these familiar individuals to you: Mr. David Culver, President and Chief Executive Officer of the Aluminum Company of Canada; Mr. Alfred Powis of Noranda; a man like Mr. R. D. Southern of ATCO Industries Ltd.; Mr. Robert Scrivener of Northern Telecom, Chairman and Chief Executive Officer; Mr. W. John Stenason of Canadian Pacific Investments Ltd.; Mr. Ian Barclay, Chairman and Chief Executive Officer, British Columbia Forest Products Limited; Mr. Roy Bennett, President of Ford Motor Company of Canada; Mr. J. D. Allan, President of the Steel Company of Canada; several presidents of smaller companies: Mr. William Mounfield, President of Massey-Ferguson; Mr. A. J. Foote, President, Canadian Chemical Producers Association; Mr. Franklin McCarthy, President, Du Pont of Canada, Ltd.; Mr. David W. Barr, President of Moore Corporation Limited, one of our great multinational Canadian companies; Professor Abraham Rotstein who has been Chairman of the Committee for an Independent Canada; Mr. A. Yoya Peters, President of Michelin Tires.

Honourable senators, that will give you some idea of the quality of individuals who were prepared to come forward with their associates, with well-prepared briefs, before a Senate committee. I think it speaks well for the Senate and the reputation of our committee work in this place that men and organizations such as those I have named are prepared to give so unstintingly of their time in the preparation of a report such as this.

I cannot go further without paying tribute to my Deputy Chairman, Senator Allister Grosart, and all members of the committee who were conscientious in their attendance throughout the hearings and in drafting the report.

While acknowledgments of staff and others are set forth in the report, I should like particularly to single out Mr. Peter Dobell and Mrs. Carol Seaborn of the Parliamentary Centre who put in extraordinary hours particularly during the drafting and preparation of the report, quite apart from the ordinary work they did during our hearings. And, of course, we had unreserved assistance from the Research Branch of the Parliamentary Library.



● (1410)

When we took upon ourselves the job of studying Canada-United States trade, we knew that as we are, per capita, one of the world's greatest trading nations and as our standard of living depends on this, and as 70 per cent of that immense trade is done with one nation, namely, the United States, we could not study this subject without studying, in effect, the economy of Canada. We had, however, to place various strictures on ourselves so that we would not find ourselves digressing up every rivulet and side road that one can imagine, or our study could have gone on for 20 years.

We did, however, cover the Canadian economy in broad general terms, relating it as much as humanly possible to our trade with the United States, but leaving from that study the subject of agriculture—and I include fisheries in that, in which we do not have a large trade with the United States, although we do with other countries—and leaving aside energy, which we did not deal with as it is highly controlled by government regulation and would really, as we say in the report, warrant a study of its own relative to all its aspects: oil, gas, nuclear energy, water, uranium, coal, and so forth.

Other than that, the study covered the Canadian industrial sector as impacted by our relationship with the United States, and was as broad as we could make it.

Since publishing the report in early August we have had good and fair press coverage, some of it critical, some of it favourable, but at least very broad coverage, some of which has been distributed to members of the committee. Other members of the Senate may be interested in it and I will see when we have it all gathered together that it is distributed to you. We mailed out by direct mail to individually named persons some 5,000 copies of the report, and we have received requests for approximately 1,000 additional copies since its publication.

The main recommendation of the report, and I will only read the one at the conclusion of the report, might be described as a controversial recommendation which has given rise to comment. It reads:

> The committee urges governments in Canada, as well as the business and labour communities, to assess without prejudice Canada's present economic prospects, the alternative solutions and their consequences. The committee recommends that they consider seriously the option of bilateral free trade with the United States.

I would remind honourable senators, however, that that is not the only recommendation in the report. For those who may dismiss that recommendation out of hand as being something they do not agree with, I would ask you, however, still to consider the report as a reference work in many other areas, including the some 30 general observations and recommenda-

tions that are contained in it on a broad range of matters including the resource sector, tourism, the auto pact, and so forth.

I will not take the time now to give you a résumé of the report. You have all received copies of it. Obviously you may read either all of it or those parts of it that are of particular interest to you, but I will later today put into circulation a speech which I have given twice in the last two or three weeks. Recently I gave it to the Canadian Export Association, and I gave a similar speech last night to the Canadian Manufacturers' Association. The speech relates to the report and gives some arguments of my own in support of the report's principal recommendation. You may find that speech of interest; it is not a résumé of the report itself.

• (1420)

Later today I will seek a continued mandate for our study. I will also place a Notice of Motion on the order paper for discussion of the report.

Thank you very much for your indulgence at this time.

## NORTHERN PIPELINE

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting today, Wednesday, 15th November 1978, and that rule 76(4) be suspended in relation thereto.

**Senator Olson:** Honourable senators, this meeting will not be called until shortly after 3 o'clock.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### CHANGE IN COMMITTEE MEMBERSHIP

**Senator MacDonald,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Marshall be added to the list of senators serving on the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

## CANADA-UNITED STATES RELATIONS

### FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator van Roggen** moved, seconded by Senator McElman with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with the United States;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the committee may determine;

That the papers and evidence received and taken on the subject in the four preceding sessions be referred to the committee; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

[*Translation*]

## NATIONAL REVENUE

### TAX REBATE—QUESTION

**Senator Flynn:** Honourable senators, since the Minister of National Revenue, Senator Guay, is here, I take this opportunity to ask him a question, particularly as the Prime Minister announced yesterday that there will be a cabinet shuffle soon, which means perhaps that we might no longer enjoy the privilege of having with us a minister in charge of a department.

My question concerns Bill C-46 which we passed in the last session and which relates to the discounting of tax over-payments. The Senate Committee on Banking, Trade and Commerce, after studying this bill, reached the conclusion that it should be entirely redrafted. We were then in the same situation as for Bill C-8 concerning amendments to the Labour Code; we had to act fast because the tax rebate period was expiring and general elections were expected soon, as the government leader and others in this house and outside kept repeating.

So yesterday I quoted the government leader exactly and think it could not be clearer. But, in any event, we had to pass this bill in a hurry for the same reasons as for Bill C-8. The Senate Committee on Banking, Trade and Commerce had said that this bill should be redrafted and recommended that it be planned in cooperation with the Department of National Revenue and the Department of Consumer and Corporate Affairs.

So I ask the minister, the Honourable Senator Guay, if the drafting of a new bill has been undertaken so that the new legislation be clearer, more efficient and better tailored to the situation.

**Senator Guay:** Honourable senators, I appreciate the question put to me by the opposition leader, Senator Flynn. I suppose he is taking this opportunity to remind me of what was said at the time. I also remember the fact that I had asked my officials to undertake a study of that bill. But I should also emphasize that I appreciate the fact that the Senate had

passed that bill at my request, particularly on the same day, which was around April 15, as it was necessary to do our job.

Honourable senators may rest assured that I will give a more comprehensive answer tomorrow.

[*English*]

## THE CONSTITUTION

### CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Flynn, P.C.*)

**Senator Flynn:** Honourable senators, I yield to Senator Molson.

**Hon. Hartland de M. Molson:** Honourable senators, I want first to thank Senator Flynn for yielding to enable me to make my remarks on this subject at this time. I appreciate his courteousness.

I rise with considerable trepidation and reluctance to take part in the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution. My colleagues know that I am not a lawyer, and certainly no one would ever suggest that I am a constitutional expert or even that I have any great knowledge on the subject. However, I feel justified in taking part in this debate because, having been a member of the Senate for a considerable length of time, I have seen a good deal of the development of the negative attitude of the media, the House of Commons and the public towards the Senate. I hesitate to think that it is nearly 23 years since I first came here and that there are now only four senators still in the chamber who were here when I was appointed. I was part of the largest group that ever came into the Senate at one time. We were 13 in number, and our group included Senators Donald Cameron, David Croll, Elsie Inman, D'Arcy Leonard, Harold Connolly, Fred McGrand, Donald Smith, John Hackett, C. G. Power, Jean-François Pouliot, Calixte Savoie, William Wall, and myself.

● (1430)

Another reason why I would like to add a few observations on the subject of the Senate's role in the Constitution is the fact that I have great respect and considerable affection for the Senate. The respect stems from the quality of character of its members, and the affection as a result of the invariable courtesy, kindness and friendship shown to me through all my years in this chamber.

I believe that the Senate is serving a vital role. I think it fills its proper place in the Parliament of Canada—a place for which it was designed. While some reform is desirable, the idea of its abolition is unsound and, in fact, in the absence of a more effective chamber, foolish.

We should ask ourselves why the Senate has become so unpopular. Why do the media go to such pains to downgrade anything we do? Why do they not give any credit for tasks, useful tasks, well carried out?



If we are honest with ourselves, we have to realize that it is because of the image that we project. There is something very wrong with our image. It is said that we are not carrying out the role for which the Senate was created. I do not think that is true, but it is being repeated so often that it is taken for fact.

The Senate was instituted in our parliamentary system for two main reasons: first, to give sober second thought to legislation and, secondly, to represent regions from which the senators are appointed on a provincial basis. It is now said that we are not carrying out, in particular, the second of these roles. There are other reasons—perhaps many of them—why we are so frequently criticized, but I would like to suggest to you, my colleagues, that the greatest reason for criticism, the reason that one hears most frequently, is that we are merely a rubber stamp for the political party to which we belong. It is suggested that we are paying more attention to the interests of the party than to those of the country; that we are only appointed for partisan political purposes and for political reward. This has been said far too often to be disregarded.

As one of many examples, I would draw your attention to a speech on November 1, 1974, by Mr. Allan McKinnon, M.P. for Victoria, which is recorded on page 985 of the House of Commons *Hansard*, in which he lists all those associated with the national campaign headquarters of the Liberal Party. He is criticizing the Senate for its political activity, and he lists, among those actively engaged, Senators Gildas Molgat, Raymond Perrault, Earl Hastings, Jean-Pierre Côté, Lorne Bonnell, John Aird, Sidney Buckwold, Douglas Everett, Louis Gélinas, Louis Giguère, Harry Hays, Dan Riley, Irvine Barrow and George van Roggen. He goes on to say that these appointments were made only to further the interests of the party.

Of course, these remarks were brought up in connection with the election campaign which he said was being directed by Senator Keith Davey. He could have added many other names in other political contexts, and today he could add all the names of this year's campaign committee now at work.

It is my belief that when appointments are made to the Senate, and from that time onward, political activity should, within Parliament at least, cease as far as all members of the Senate are concerned. This does not suggest that the method of appointment should necessarily be changed, although I do agree that some appointments should be made by the provinces.

The idea that the second chamber should be independent is not new. It goes back to pre-Confederation days. The development of its partisan approach is the thing which has taken place over the years and, in consequence, changed the way the Senate was designed to carry out its parliamentary role. We can take Sir John A. Macdonald as an authority in this regard.

Sir John A., when he was Attorney General of Canada West, said this about the Senate:

> There would be no use of an Upper House if it did not exercise, when it thought proper, the right of opposing, or amending or postponing the legislation of the Lower House. It would be of no value whatever were it a mere Chamber for registering the decrees of the Lower House. It must be an independent House, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come from that body.

To be impartial, let us also look at a Liberal authority, a distinguished colleague and, in my opinion, a wise man. Senator Arthur Roebuck in an article on the Senate in 1954 wrote:

> In my opinion the strength of the Senate lies in the independence of its members.

He wrote also:

> The members of the upper chamber are not dependent on either the government or the civil service. Senators are not seeking promotion or anything else. They have nothing to hope for and nothing to fear. They are as secure in their positions as judges on the bench.

I do not want to bore you with too many quotations, but I do want to impress on you that independence and impartiality were expected to prevail in the Senate. I have one more quotation from another undisputed authority, a former leader of this chamber, Senator Paul Martin, who, in turn, quoted the words of the Right Honourable Arthur Meighen, another former Leader of the Government in the Senate and a former Prime Minister of Canada. Senator Martin, having quoted the Right Honourable Arthur Meighen, went on to say:

> With those words—occupying the same role as he occupied—I find myself in this first foray in our discussion in full agreement.

Senator Martin was speaking in the debate on the Speech from the Throne on September 18, 1968.

**Senator Flynn:** He was a new member then.

**Senator Molson:** In that speech he quoted the Right Honourable Arthur Meighen as follows:

> The Senate is worthless if it becomes merely another Commons, divided upon party lines, and indulging in party debates such as are familiar in the Lower Chamber, session after session. If the Senate ever permits itself to fulfill that function, and that alone, in the scheme of Confederation, then the sooner it is abolished the better. This practice is not to be deprecated in the House of Commons. If we are going to have a democracy, the practice must continue, there have to be parties and party manoeuvres, there have to be conflicts and controversies, innumerable in variety and wearisome in length. The great scheme of bringing sections together and letting each see the viewpoint of the other has to be worked out in the representative Chamber. Sometimes we are too impatient and critical of governments in allowing what seems inordinate time for discussion of public business. The discussion is good, but it is not the function of the Senate. Members of the second Chamber must get away, lift their minds from these hard-drawn lines of party, or they cannot serve their country. They have to make up their minds to give every government fair play and not to stand in the way of legislation unless they are convinced it must be defeated on its merits, and that the consequences of failure to defeat it would be serious.

**Senator Flynn:** Is that the end of the quotation?

**Senator Molson:** Yes.

**Senator Flynn:** I do not recognize Senator Martin there.

**Senator Molson:** The words I read were those of the Right Honourable Arthur Meighen as quoted by Senator Martin.

**Senator Flynn:** Oh, I see. I thought it must be something borrowed.

**Senator Molson:** The operative words are: "I fully agree."

Honourable senators, I should like to congratulate Senator Stanbury, Chairman of the Special Senate Committee on the Constitution, for the excellent report presented on October 19, 1978, and on his first-class speech in explanation, and to say how gratified I am to learn that the study will continue. There is not the time, and I have not the knowledge, to deal with the whole list of constitutional changes of Bill C-60 other than those applying to the second chamber.

If you will bear with me, I should like to develop my views on this subject. You will see at once that many of my ideas are not original. I am happy to associate myself with so many of our colleagues who have put forward their views, and hope to reinforce, not steal, their suggestions.

● (1440)

First of all, I believe that we ourselves of the Senate must strive to change, by legislation if necessary, certain matters which have been proposed in several different forms. The first is the question of appointment. The Prime Minister, in the paper entitled *The Constitution and the People of Canada* brought out in February, 1969, prior to the Constitutional Conference of that year, recommended that some appointments be made on the recommendation of the provinces. The same recommendation has been made in the report of the Joint Committee of the Senate and House of Commons on the Constitution in 1972, and would be supported, I believe, within the Senate. It would be a logical move, and perhaps some 30 to 50 per cent of appointments could be made in the same way as before, but from lists submitted by the provinces.

As I said earlier, I believe that what has brought the Senate's image into serious question is the partisan aspect of its actions. It is accused of merely echoing party wishes, rather than looking for the well-being of the country. My own view is that when a senator is appointed, he should then cease to have any loyalty except to his country. We must, of course, accept that his responsibility lies to a certain region or province of the country, and would expect his views and efforts to be in the direction of doing his best possible as its representative, but overall I would say that he should have no loyalty higher than that to his country. His independent view of what is best for

society or the country should completely outweigh his loyalty to his party.

I would also suggest that the Senate be re-organized internally as already suggested by some of our colleagues, that it should have a chief or leader in the chamber elected by senators generally, and that the parties' positions be put forward by the government leader, who should be a cabinet minister, and an opposition leader. Other than the leaders and their deputies, there should be no other party activity within the Senate, and certainly no whips. I would repeat that once reaching the Senate, the appointee should leave behind his party ties, should no longer attend the general party caucuses, should not be an officer of any political party organization, and should not engage in partisan activities other than as a normal, non-parliamentary citizen. I know that this will be thought of as blasphemy by many of my colleagues, and I can understand it. I realize that it is easy for me to say this, but I suggest that if the Senate gave the impression of genuine devotion only to what, in its members' good judgment, is best for the country, the public would in time realize that we are here not to take but to give. I think the force of example would speak much louder than any words.

In this connection, Senator Buckwold speaking to the Canadian Club of Saskatoon, put forward a Senate reform proposal where party allegiance would have no place in the day-to-day working of the upper house. He went on to say that under his proposal, senators would still be appointed according to party allegiance, but party discipline would no longer play a role in the operation of the upper house. I quote from Senator Buckwold's speech:

> Although party discipline in the Senate is not as strict as it is in the House of Commons, it is still present, which has an effect on Senate decisions.

And I quote further:

> There were many issues on which, if it were not for the direction of the whip, I would have voted differently,

**Senator Lamontagne:** Name another one.

**Senator Molson:** Another what?

**Senator Lamontagne:** He said he would have voted otherwise.

**Senator Molson:** I am not going to suggest that all senators should join my party, because I am afraid there might be some reluctance, particularly since my honourable friend, Senator Forsey, described Independents as "loose fish or shaky fellows." When I was appointed, I was called a "mugwump" by Senator Hugessen, and when I said, "Explain" he told me it was a bird that sat on the fence with his mug on one side and his wump on the other. So, you can see that flattery will get you nowhere.

We have also been much criticized for not carrying out some reform of our own. In looking back I have discovered that in 1967 the Honourable John Connolly, then Government Leader in the Senate, asked senators for an expression of their views on the role of the Senate, and went into the matter at considerable length. Next, in 1968, the Honourable Paul Martin, Leader of the Government in the Senate, asked senators for their views on the role of the Senate. In correspondence on the subject, he agreed that the Senate should be less political in the sense of blindly following party lines, and that it would be preferable to have no senators attending the general caucuses, other than the leaders, their deputies and the whips. He also agreed with the point so often made that the representation of the opposition should be maintained at a considerably higher level than has been the case in recent years.

In May 1969, the Senate actually formed a special committee under Senator Lang to "investigate and report on the role of the Senate of Canada within the Canadian Constitution." In his remarks on the resolution, Senator Lang said:

> I should like to review briefly with you, if I may, the references made to the Senate in the White Paper, and to the comments made by the Prime Minister at the last Federal-Provincial Conference. I do this at this time to underscore the very fundamental nature of the proposals being made.
>
> First, the Prime Minister stated at the conference that both the federal government and all the provinces wished to retain the Senate.

And that is the same Prime Minister.

> But perhaps the Senate might feel otherwise disposed. I think that is a matter which will not require much of the time of the proposed committee.

Senator Lang went on to say:

> I would propose therefore that if this committee be constituted it should immediately attempt to obtain and express in so far as possible the general views of the Senate on these very specific matters:
>
> (a) Provincial and regional representation through direct appointment;
>
> (b) Redistribution of Senate membership;
>
> (c) Terms of appointment of senators;
>
> (d) Curtailment of the Senate's legislative power or suspensive veto; and
>
> (e) Assumption of responsibility for approval of judicial appointments, et cetera.

After Senator Martin left Senator Ray Perrault took over as leader, and in 1975 he set up a questionnaire which asked senators for their views on possible methods of reforming the Senate. So it can be seen that in almost every odd numbered year there has been thought and effort directed to bringing the Senate more into line with modern times.

Over nearly ten years, these matters were under as active consideration as they are today, the only difference, perhaps, being that previously there was no Bill C-60 with which, in some of its aspects, our committee and most of the provinces and the public seem to disagree. What is difficult to understand is why nothing has ever come of all these suggestions. Some have emanated from the caucuses, some from the government, some from the leaders in the Senate, and some from

senators themselves—all good suggestions. Some have been around for years, and nothing has ever been done about them. I suggest that in continuing its work our committee should weigh very carefully all these matters about the form of the upper chamber.

The Senate has been severely criticized for the fact that its attendance is not what it should be. There have been other suggestions for improvement, but I do not think there have been any that would solve that problem. At the present time a senator can be absent from the Senate without losing his pay if he is ill and has a certificate to that effect, or if he is on public business. It is in these categories that much of the damage to our image has been done. At times there has been a lot of political activity which, while it might come under the definition of public business, is not, I believe, the prime role of the Senate. I would suggest—and to do this the Senate may have to seek amendments to the statutes—that a senator should be present for at least 50 per cent of all the sittings of the Senate over a period of two years, regardless of health or any other consideration. If his health is sufficiently bad, I believe—and I say this with real regret—he should retire and a means should be found to assure his pension. If a senator is absent for any other purpose, the normal deduction rules should apply.

● (1450)

I simply do not accept the fact that a member of this chamber can be absent for many months on end and still retain his or her position as a senator. A two-year period would take care of a major illness or any other serious situation, and still make it possible for the senator to average up his attendance in the second year. I think this would be completely fair and much better for the Senate.

Last Tuesday, Senator Forsey spoke in the debate and gave his views on the task of the Constitution Committee to examine and report on all the changes proposed. It was a splendid analysis, presented in his usual brilliant style and based on his encyclopedic knowledge. His act is hard to follow. Referring to the upper house, he dealt specifically with five issues, saying that he tended to favour a minimum number of opposition senators; consider some appointments of provincial nominees an improvement; doubt the wisdom of term appointments; look favourably on the suggestion of electing a Senate leader in addition to those of government and opposition, and listen to the merits of taking off the whips in the Senate.

I am repeating many of Senator Forsey's views and those of other senators, but I should like to record my own opinion. To sum up, I would, with respect, suggest that the committee examine the following questions:

First, should the distribution of Senate membership be changed? Should not the west have greater representation?

Second, would a retirement age of 70 be better than the present retirement age of 75?

Third, is there any acceptable reason for leaving the opposition so weak numerically? What should be the proportion?

Fourth, should some nominations for Senate appointments be made to the government by the provinces and, if so, to what extent?

Fifth, what should be the term of Senate appointments. There have been many suggestions, but I believe an appointment of from eight to ten years, with the possibility of one renewal, would probably be the best arrangement. This would be long enough for a senator to become thoroughly familiar with his duties, and it would cover the life of two Parliaments. It might be possible to reappoint a senator for one further term, but I suggest that a total period in the Senate of 18 to 20 years is long enough for anybody.

Sixth, what should be the extent of the Senate's power of suspensive veto? I suggest that the period of 60 days provided for in Bill C-60 is quite unreasonable, and that it should be at least six months. However, I tend to favour a nine-month suspensive veto based on the normal parliamentary session of recent years.

Seventh, what degree of attendance should be required of senators? I suggest, as I did earlier, that there be the obligation to attend at least half the sittings over a period of two years. If a senator finds that impossible, then he or she should resign.

I believe that the time has come for us to take, finally, definite and courageous action. I also believe that the members of this chamber have no need to prove their devotion to their country; they want only to be convinced of the proper course on which to set forth with resolution. Personally, I would not object to the abolition of the Senate if I could be convinced it was in the public good.

In conclusion, I would like to quote from Senator Roebuck's 1954 article, to which I previously referred:

> A place in the Red Chamber is not only an honour, it's also a job, it's an employment, calling for studious industry, devotion to the public welfare, knowledge, thought and wisdom. Give us men and women who revere Canada and who love their fellowmen, who respect the individual and his rights, and would follow freedom wherever she may lead. Give us big men who are idealists and workers, who have courage and endurance, and the Senate will continue in ample measure its service to mankind.

**Senator Desruisseaux:** Honourable senators, I should like to take just a few seconds to congratulate Senator Molson on his fine presentation today. While he will not have unanimous support, I am sure he has the sympathy of many of us with respect to many of his points.

On motion of Senator Lang, debate adjourned.

## CANADIAN TEXTILE INDUSTRY

**Hon. Paul Desruisseaux** rose pursuant to notice of Tuesday, November 7, 1977:

> That he will call the attention of the Senate to four recent reports on the Canadian textile industry.

He said: Honourable senators, I hope what I have to offer today will help to bring you up to date on the recent reports that have been made on the textile industry.

Miss Pestieau of the C. D. Howe Institute has done a recent study entitled "The Quebec Textile Industry in Canada." This study promotes an interesting theory. She suggests that the textile industry must be phased out, and that the federal and provincial governments should examine alternatives to the long-term protection of the textile industry. Miss Pestieau says her reasons for making those suggestions are, first, that there is no likelihood of a major part of the textile industry becoming internationally viable, in the sense of being able to survive without special import restraints; second, that there is little prospect that the textile and clothing industry will keep up the average level of production in Canadian manufacturing; and third, that inter-regional transfers have become major irritants in Confederation.

As a consequence, according to Miss Pestieau, a federal policy that would guarantee on a long-term basis special protection to the textile and clothing manufacturing industries in Quebec and Ontario would likely continue to cause friction. As a matter of fact, by adopting such a policy for Canada we would be following in the footsteps of Sweden, which enforced a similar policy a few years ago but which then had to reverse itself because of the immense damage that policy did to Sweden. Incidentally, the point of view expressed by Miss Pestieau in her report is factually correct, but it is not complete and looks to the future very negatively. It does not propose a positive and constructive policy of maintaining and strengthening this broadly-based Canadian industrial structure.

● (1500)

Her study even shows that the textile and clothing industries are modern, that they have made great strides in improving productivity and do not have the protection that traditional myths continue to suggest—certainly not the kind of protection enjoyed by major competitors in the industrialized world.

The labour force predictions used in her study are questionable, and are intended to imply that in six or seven years from now Canada will not be facing a significant unemployment problem. This, of course, remains to be seen.

If the textile and apparel industries are permitted to decline, it is estimated by the industry that unemployment could rise to between 8 per cent and 11 per cent in Ontario and, incredibly, to between 17 per cent to 21 per cent in Quebec. It would be a proposal for economic disaster.

In 1975 Canada imported textiles to the extent of—and these amounts are in U.S. dollars—$65.08 per capita, while the amount for the United States was $18.53; for Japan, $25.56; for France, $25.43; for FDR Germany, $58.30; and for the EEC countries, $37.90.

In 1975 Sweden had a policy of a complete "phasing out" of its textile industries. Since then, Sweden had to reverse its policy and reconstitute its textile industry and some of the other "phased out" industries. In 1975 Sweden imported textiles in the amount of $165.38 per capita.

Miss Pestieau's second recommendation to assure an orderly "phasing out" of textile and clothing activities requiring special protection from competing imports is the use of some form of "adjustment assistance." Federal policies tried out here in the past to help "phase out" textile industries have been injurious to Canadian employment, and destructive and ruinous for our national economy. They account for an important percentage of our unemployment. Their costs, direct and indirect, are a noticeable part of our national federal deficit.

I believe it would be untimely to underwrite the suggested forms of major assistance and forms of give-away support programs because their costs are prohibitive, they would not add to our economic growth, and would unavoidably meet with the same fate and the same misfortunes as the unfortunate "phasing out" attempts of Sweden, where such policies had to be reversed quickly because of their disastrous economic consequences. The "phasing out" of textiles as a long-term remedy for our textile problems would, from the outset, bring about disastrous consequences, and these at irrecoverable exorbitant costs. Besides, this would have to be accompanied by a costly planned "adjustment assistance" for textiles. It is an unnecessary costly gimmick destined to real failure, as happened in the Swedish experiment.

As we well know, we have been experiencing severe and costly unemployment problems that have resulted in good part from the general lowering of our tariffs on imported textiles, and recently we had no alternative but to impose protective quotas—recommended, as we know, by the Senate's Banking, Trade and Commerce Committee—some months ago to save the textile industry from complete elimination and considerable additional unemployment. The quotas brought better results. Because of them, the industry is now showing notable improvements in this part of our national economy because of this change of policy, and it has since given more employment to its labour force.

We now realize the immensity of the loss of federal government revenues because of the past importation of low cost textiles, which resulted in the loss of wages that would have been earned from the manufacture of textile products, and the high welfare and unemployment insurance costs that had to be paid instead. Because of the damage caused I, like many others, have lost confidence in free-trade planning in our economy. It was most costly, and brought disappointing results.

Personally, I believe this sort of planning is the cause of a good part of the economic mess we are in. Miss Pestieau admits in her report:

> It may sound unrealistic at the present time even to suggest a policy reappraisal that entails not only hard political decisions but also a high level of transfer to Ontario and more especially to Quebec in the form of "Adjustment Assistance". Yet a policy of actively encouraging resources in uncompetitive textile and cloth-

ing production to relocate could be in the interest of all regions.

I disagree with these views. There are a number of major points that are being ignored here. There was no consideration of the grave and deep political implications it would bring. It is based on false premises. To me, it is very unrealistic, and it comes from unproductive reasoning. It is socially and economically irresponsible because, for one thing, it downgrades an important industry that provides some 25 per cent of the manufacturing employment in Quebec—some 12 per cent, if it is considered nationally. There is no analysis of the reasons why Sweden was forced to reverse its "phasing out" policy after trying it there disastrously for a few years. It should never become national policy to allow, as a result, the impoverishment of some regions in favour of other already prosperous areas of Canada. It is a political and economic error in judgment.

We should not be expected to bring about the betterment of the economy of certain industries in certain sectors of Canada by sacrificing and impoverishing the textile industry situated in other sectors. There never was, and is not now, a rationale of economic justification for such economic behaviour on our part.

● (1510)

Moreover, it would not be acceptable government moral comportment to adhere to "phasing out" theories. There has already been enough of this kind of thinking in the GATT negotiations and agreements with Canada, resulting in costly arrangements that became liabilities and caused deficits for Canada when everything was taken into account. Many other countries involved in similar trade arrangements have also been hurt by them. Our own national economy has now been weakened by them, whatever the original purpose was. It is time to realize that this kind of partnership in international trade must be reanalyzed, reassessed and revalued. Given Canada's economic shape, we cannot overlook what has been happening lately.

The recommendations of the National Textile Task Force recognize this, and these recommendations must now be accepted and taken into consideration in government policies for the betterment of the economy. This task force report is in direct opposition to, and in total conflict with, the views, the philosophy, the reasoning and, of course, the C. D. Howe Institute's "phasing out" theories, and against the free trade views of the Economic Council which have reflected so adversely and harmfully on our national economy.

The report of the Consultative Federal Textile Force was unanimous, and it made constructive recommendations. It did not conclude negatively that there should be any "phase out." On the contrary, it made recommendations to assist the textile and apparel industries in making their best possible contribution to the Canadian economy. The actions proposed were said to be essential if the textile industry is "to survive as a vigorous contributor to Canada's economic health and future and if the dramatic decline which has been taking place during the past decade is to be reversed."

Essentially, these recommendations were tailored to increase the textile industry's productivity through its own means. The task force also stressed the view that "a Canadian national trade policy more defensive than the one in place now here or in the United States or in the European Community" is necessary in Canada if there is to be an investment flow into high productivity and efficient and competitive textile and apparel processes. This federal textile task force has given its recommendations by making them "basic with a rededication by government to the achievement of a more favourable investment climate for Canadian manufacturing industry in general." It will be remembered that this sector employs 20 per cent of the manufacturing labour force in Canada.

The report points out that if a 15 per cent increase in production by the textile and apparel industries were to flow from the recommendations, the astonishing results would be some 140,000 new jobs, $750 million in new wages per year in our textile industry and related sectors, $927 million in added household incomes, $681 million in additional consumer spending, and $1.56 billion annually in new industrial output. These figures are set out in Table 3 on page 23 of the report. Such an increase in production would increase government revenues at all levels by $414 million annually.

It is worthy of note that this would not require the expenditure of $4 billion by the government as advocated by the Economic Council and the C.D. Howe Institute free traders. It would result merely from a government policy move based on the recommendations of its task force, and at very small cost.

Just think of the different impact the two approaches would have on our economic future, long or short term. One would assure a better national economy and many more jobs at no significant cost, while the recommendations of the Economic Council and the C.D. Howe Institute would provide a replacement for a textile industry "phased out" at a federal minimum cost of $4 billion—and this without providing any additional industries or jobs, and thereby creating widespread economic instability and a constant drain of Canadian dollars.

It is now highly desirable that the levels of consultation between the government, the industrialists, the labour unions and the retail trade, as represented by the Canadian Retail Council and the Retail Merchants Association of Canada, be improved. The government, it seems, has finally recognized this. I strongly commend the initiative and the judgment of the Minister of Industry, Trade and Commerce for the formation of some 23 important industrial federal task forces to help design new industrial strategies for Canada.

The recommendations of the Textile and Clothing Industries Task Force are grouped in five parts. There are five principal recommendations, and they are worth citing here: first, government consultation; second, productivity of the industry and how it can be improved; third, searches for incentives or grants programs which can really assist in meeting this objective; fourth, broad fiscal measures which lay the foundations for a healthy industry—the report discusses the textile industry "under attack from countries with structures significantly different from our own which cannot let us hope to survive

without special measures of protections"—and fifth, the elements of a Canadian trade policy which will create the necessary climate for continued long-term investment viability.

The report also recommends that the Textile and Clothing Advisory Panel that was formed in 1976 under the Honourable Donald Jamieson, when he was Minister of Industry, Trade and Commerce, continue in existence to advise the Minister of Industry, Trade and Commerce on the implementations of the recommendations contained in the report and any other matters related to the role of these industries in the Canadian economy. This most significant forward and constructive step on the reform of our economic and industrial policies should be endorsed and further developed. At least it is a step in the right direction.

The report of the Economic Council and its recommendations, and even its predictions, have been, in my judgment, too often erroneous or misleading these last few years. Because of this, I, and many others like me, presently attach less value to what it recommends or predicts.

The Economic Council, like the C. D. Howe Institute, is, in this respect, in direct conflict not only with the recommendations of the federal textile task force, but with another recent serious and important study made in England, a country which has had a history of similar textile industry problems resulting from the policy of free trade by which its promoters were trying to achieve the elimination of the textile industry in order to facilitate and promote the exportation of certain other British-made products. It failed, and this British report points to the fallacy of the theories of the Economic Council and the C. D. Howe Institute, and to the total failure of the textile "phasing out" policy in Britain.

● (1520)

[*Translation*]

By opposition to the reports of the C. D. Howe Institute and the policy of the Economic Council of Canada, I would like to mention the statement made in Sherbrooke on July 12, 1978 by the Honourable Bernard Landry, the Quebec Minister of State for Economic Development, who does not believe that the Quebec textile industry should be allowed to disappear at the present time when unemployment has reached the level of 10 per cent or 11 per cent in this province.

Quebec cannot afford such irresponsibility and it cannot take the risk of adding the 100,000 employees of the textile and clothing industry in Quebec to those already unemployed. The minister stated, and I quote:

> It is important for an economy to maintain its traditional sectors so that the country will not be at the mercy of imports.

He mentioned the experience in Sweden, which, after it had eliminated its traditional industries, had to come back to them later on. The Quebec minister also guaranteed to his Sherbrooke audience that, for its part, the provincial government would protect the more traditional sectors of its economy. He commented on the recent conclusions of the federal task force on textile and clothing by saying that it was possible to increase the production of the Canadian textile industry as well as direct and indirect employment. The Quebec Minister of State for Economic Development also repeated that the wishes of his government in this matter are quite clear since it has asked the Quebec Corporation for Industrial Development to develop a program of positive assistance for the textile industry.

This is in complete disagreement with the theory of certain free trade supporters in the Economic Council of Canada and the C.D. Howe Institute who suggest that we should eliminate as soon as possible the soft sector of textile industries by an injection of approximately $4 billion and probably more by the federal government so as to obtain results which would barely compensate the elimination of the textile industry. In their opinion, the unproductive spending of such an amount is neither important nor consequential. For our part, we believe that such an irresponsible decision would have serious consequences, especially in Quebec, whose more than 100,000 textile workers produce 60 per cent of all Canadian textiles and would now have to be retrained according to this theory so as to attain the great dream of free traders, whatever the economic or social consequences for the workers in the areas where this industry is established.

For over 25 years we have witnessed the total failure of such economic experiments and have been subjected, to our economic disadvantage, to a real type of international blackmail in commercial trading while our textile workers have been subjected to the massive indignity of unemployment because of these disastrous theories. As a matter of fact, we should be well aware that our Quebec workers will not move elsewhere that easily. Past experience should be proof to this. Nobody wishes to go through the forced emigrations that marked the beginning of this century. Unfortunately our economic theoreticians are not concerned with the kind of problems they initiate and develop in our areas where the Canadian textile industry is concentrated, with sad and disastrous consequences. They make no assessment of any kind of the prohibitive cost of those disruptive measures they want to set up, without any value or addition to our economy.

Those types of backward measures are now suggested by the Economic Council's free traders, and Miss Pestieau from the C.D. Howe Institute. They fly in the face of recommendations by the federal task force made up of the best experts and the best specialists in the area of textiles. They fly in the face of the recent British report on textiles. They fly in the face of Sweden's disastrous experience, where the systematic elimination of the textile industry was put to trial. This is the type of measure that leads to costly and useless destruction of valuable industries, and it is therefore unacceptable.

It is sheer irresponsibility in my view and simple mismanagement of the economy to refer to a $4 billion fund to facilitate the dismantling of that industry—textiles—and the redeployment of resources. It is ignoring both the cost and the economic and social implications, for the purpose of testing the forced elimination theories that failed in other countries. That inevitably will mean unemployment for many Canadians. That

will cost a minimum of $4 billion to our Canadian taxpayers without adding anything to an already weakened economy. That has no measure of productive input to help the economy's progress.

The relinquishing of domestic markets by our Canadian textile producers would have but very short-term benefits for certain segments of the economy. If textile production were to disappear in Canada, why should textile imports be sold cheaply when we know the Canadian consumer is used to paying more and there would no longer be any domestic products? Such was the experience in Sweden, where the people finally paid the highest price in the world for their imported textiles.

Common sense and the experience gained elsewhere require a more serious and deeper examination of the textile industry. Indeed, the federal government had no concern about it until some decades ago, and even then to no other extent than band-aid measures. Hopefully, the current study by the federal task force on textile and clothing will help them show better judgment on the right approach to enlightened economic progress in the textile area.

I submit it is important now that the federal government more closely supervise the offhand appeasements that were sometimes accepted by our Canadian negotiating team at the GATT talks.

The industries of fine papers, textiles, gloves and footwear in Quebec still bears the burden of disadvantageous agreements signed twelve years ago. We tried to destroy systematically the textile industry in Quebec to stimulate exports originating from other sectors which, as we now recognize, did not work very well.

I think that henceforth it would be more constructive and more advantageous in the short and in the long term to entirely exclude textiles, gloves, footwear and some other industries from GATT agreements and to follow the more practical and articulate recommendations from the reports of federal task forces to ensure the success, the development and the expansion of those industries. Besides, they are certainly more concerned about our real interest, the real interest of Canada.

The interest of Canada does not lie in the implementation of misguided theories that have failed in countries where they have been tried. Our economic interests rather lie in every respect in the pursuit of proven and economic principles that will restore everyone's confidence and ensure a sound economic development that will garantee our real prosperity.

[*English*]

**The Hon. the Speaker:** As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, November 16, 1978**

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

Prayers.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Daudlin had been substituted for that of Mr. Dawson on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report on operations of the Office of the Administrator under the Anti-Inflation Act for the fiscal year ended March 31, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76.

## FUGITIVE OFFENDERS BILL

FIRST READING

**Senator Langlois** presented Bill S-9, respecting fugitive offenders in Canada.

Bill read first time.

**Senator Langlois** moved that the bill be placed on the Orders of the Day for second reading on Monday next, November 20.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, November 22, 1978, and that rules 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, November 20, at 8 o'clock in the evening.

Before Her Honour the Speaker puts the question on my motion I shall give you a brief rundown of next week's business in the Senate.

First, the committees. The Special Committee of the Senate on the Constitution will meet at 10.30 a.m. on Tuesday, and I believe it is the intention to ask permission of the Senate to sit again at 2.00 p.m. on that day. Also on Tuesday, meetings have been set down for the Special Committee on Retirement Age Policies for 2.00 p.m., and the National Finance Committee on the DREE estimates at 2.30 p.m. Permission for the latter two meetings will also have to be obtained if the Senate sits on Tuesday afternoon, which is unlikely.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. and 2.30 p.m. to hear witnesses on the subject matter of Bill C-15, the Banks and Banking Law Revision Act, 1978.

On Thursday the Retirement Age Policy Committee meets at 9.00 a.m.; the Banking, Trade and Commerce Committee will hear further witnesses on the subject matter of Bill C-15 at 9.30 a.m.; the National Finance Committee will continue its examination of the DREE estimates at 9.30 a.m.; Regulations and other Statutory Instruments will hold a meeting at 11.00 a.m.; and the Special Senate Committee on the Northern Pipeline will meet when the Senate rises.

In the Senate we shall continue with the bills already on the order paper and with Bill S-9, which was introduced a few moments ago. The Banking, Trade and Commerce Committee reports on Bills S-4 and S-5 will be presented on Monday evening, and on Tuesday evening the National Finance Committee will report on the supplementary estimates (A) for the fiscal year ending 31st March, 1979.

My information is that Bill C-5, to amend the Old Age Security Act, and Bill C-7, respecting borrowing authority, should pass in the other place today. So it is therefore suggested that we sit Monday evening instead of tomorrow as mentioned in my statement last week.

**Senator Hicks:** I am not sure of the acting leader's statement. Was it that the Senate will sit Tuesday evening?

**Senator Langlois:** It is the intention to sit in the evening.

**Senator Hicks:** As well as the afternoon?

**Senator Langlois:** No. We have too many committees sitting in the afternoon.

**Senator Flynn:** The acting leader indicated that we are to sit on Monday evening, but he was not specific as to why we should sit on Monday evening instead of Tuesday evening.

I understand there is some urgency with regard to Bill C-7, which may pass today or tomorrow in the other place. However, I am not too certain as to what difference it would make if we were to sit on Tuesday, as we normally do, since Bill C-7 provides that "this act shall come into force or be deemed to have come into force on November 1, 1978." For that reason I do not see what difference it makes whether it passes and receives royal assent on Thursday next rather than on Wednesday or even Tuesday.

It would be useful to members of the Senate to find out the reasoning behind this Monday urgency for a bill that comes into force retroactively on November 1, 1978.

**Senator Langlois:** Honourable senators, I have had occasion to discuss this proposed Monday sitting with the Leader of the Opposition. This retroactive provision will not exist until the bill is passed, of course. I do not think it would be prudent for any Minister of Finance in the future to go ahead and use the additional borrowing authority sought, because if the government were defeated in the house and an election was called earlier than expected, the retroactivity would not exist. I do not think it would be prudent for any Minister of Finance to act on the assumption that the bill will pass with this retroactive provision in it.

● (1410)

That is not the only reason why we are sitting next Monday. We also have a heavy schedule of work for next week. The legislative program is heavy enough, and the committee workload is also heavy, so I think we will need all the days next week at our disposal, starting Monday until Thursday, to dispose, to a reasonable degree, of this very heavy workload.

**Senator Flynn:** I must say that the explanation given by the acting leader is far from convincing. This argument of the government being defeated in the house is rather hypothetical in the circumstances.

**Senator Langlois:** It is not an argument. It is a question of prudence.

**Senator Flynn:** I have heard about the imminence of an election before, and it was more convincing when I heard it in April of this year than it is this afternoon. Would the acting leader say that he wants to proceed with second reading of Bill C-7 on Monday?

**Senator Langlois:** If I have leave to proceed I will proceed, but I am in the hands of the Senate.

**Senator Flynn:** If you say, "I only wish you to be here on Monday,"—and just believe me, I think it is better—I will accept that. But just say it, will you?

**Senator Grosart:** Say it.

**Senator Langlois:** Unfortunately, as I have already said, yesterday the Leader of the Opposition agreed to sitting on Monday, but he has apparently changed his mind since.

**Senator Flynn:** No, no. I am still agreeing, but I want you to give a very simple reason. If you have no reason, that is different.

**Senator Langlois:** I know my honourable friend is just trying to have a good time this afternoon. I listened to his argument, which was not too convincing. I repeat, it would not be prudent for a Minister of Finance to rely on the eventual passage of a bill containing a retroactive provision. The bill can come to us with the retroactive provision and could be turned down by this house.

**Senator Flynn:** By this house?

**Senator Langlois:** Yes. It would be most imprudent to act on the assumption that because there is a retroactive provision in the bill, the government would simply go ahead and exercise this borrowing authority in advance of the bill's passage.

**Senator Flynn:** Why don't we sit on Sunday?

**Senator Langlois:** We can sit tomorrow if you wish. My original proposal in this respect was to sit tomorrow and Monday. In an effort to accommodate honourable senators it was decided to sit on Monday evening instead.

I might say again that I did discuss this matter with the Leader of the Opposition. I do not think he has any great objection to it. It seems to me he is merely having a little fun this afternoon, and it has been very amusing.

**Senator Flynn:** We will find out on Monday.

**Senator Roblin:** Honourable senators, I wonder if I might address a question to the Acting Leader of the Government in respect of Bill C-7. I am wondering why it is necessary that the bill be passed on Wednesday rather than Thursday. Is there anything the acting leader can tell us in respect of the urgency of this matter?

**Senator Langlois:** The urgency rests in the fact that the government is running short of borrowing authority.

**Senator Roblin:** Has it run out?

**Senator Langlois:** Not yet, but it is certainly close to the maximum allowed under the present borrowing authority. As I said in responding to the Leader of the Opposition, it would not be prudent to act on the assumption that Parliament would agree to pass the bill as introduced; that is, with this retroactive provision in it. For that reason, all possible steps should be taken to ensure its earliest possible passage. It is a question of prudence. We are dealing with the financing of the government's expenditures. It is an important measure and one which should be dealt with as soon as possible.

The Senate rarely sits Monday evenings, and certainly it is only reasonable to expect that honourable senators would agree to hold a Monday evening sitting when there is an important measure to be considered.

**Senator Roblin:** Honourable senators, I am quite prepared to follow the suggestion of my honourable friend. However, what I am trying to determine is whether there will be any time constraints on the debate of this measure. In other words, is there some technical reason necessitating its passage next week or some technicality that would limit the time for debate on the bill?

**Senator Langlois:** Once the bill is before us, we can take whatever time the Senate deems necessary to debate it. It is my intention—and I have already mentioned this to the Leader of the Opposition—to move, at the conclusion of the debate on the motion for second reading, that the bill be referred to a Committee of the Whole, at which point the Minister of Finance can explain the reasons behind the measure. Once that has taken place, honourable senators will be in a position to form their own judgment as to the urgency of the measure.

Motion agreed to.

## SHIPPING

### DATE OF CLOSING OF ST. LAWRENCE SEAWAY—QUESTION

**Senator Argue:** Honourable senators, I should like to direct a question to the Acting Leader of the Government in the Senate. My question is prompted by the demands of western grain producers that the St. Lawrence Seaway be kept open as long as possible.

The intention now is to close the Seaway on December 15. We know that 30 or 40 American ships will be operating in the Seaway beyond December 15, and we know that certain oil tankers will be operating in the Seaway beyond December 15.

In light of that, I am wondering whether any further consideration is being given to extending the season beyond December 15, particularly for the purpose of moving grain.

I am wondering, too, whether it has been brought to his attention that the St. Lawrence Seaway Authority recently received a report that it commissioned some time ago on the length of the season's operation. This report was commissioned from the firm of LBA Consulting Partners Limited of Ottawa.

I would ask the acting leader to do everything he can to see that that report is made available to the house. It may be that, having seen the report, honourable senators will want to debate it.

**Senator Langlois:** Honourable senators, I want to first of all thank Senator Argue for providing me with written notice of at least part of his question relating to the navigation season on the St. Lawrence Seaway. In response to this part of the question, Transport Canada, as in the past, is going to do its very best to keep the Seaway open as long as possible. It is hard to establish how long this could be carried out because it depends on adverse weather and ice conditions in the Seaway area.

● (1420)

When the honourable senator sent the notice this morning of his intention to ask this question, he attached to it a photocopy of a report published in the *Globe and Mail* this morning. I think that the honourable senator will find a partial answer to his question in this article, from which I quote the following paragraph:

> A. M. Luce, senior adviser to St. Lawrence Seaway Authority president Paul Normandeau, confirmed that the $59,000 study had been completed by LBA Consulting Partners Ltd. of Ottawa. But it would take several weeks to review the document and publish it in final form—

I am informed that as long as this report has not been finalized, it will not be published, but as soon as this is completed, publication will be made.

The honourable senator asked me this morning if there would be an opportunity to debate this report in this house. Well, any honourable senator can originate an inquiry, and so the honourable senator can originate a debate on this matter at any time he wishes. There will be no objection. In addition to that I am informed that if the Minister of Transport tables a report in the other place, it will automatically be tabled here at the same time.

**Senator Argue:** Honourable senators, I want to thank the acting leader for his statement, and particularly for that part in which he gave us hope that the Seaway would be kept open beyond December 15, provided that weather conditions make this possible. Our earlier information was that they were abiding by the closing date of December 15, and it is most encouraging when he holds out hope that, weather permitting, the Seaway will be kept open for grain shipments beyond that date.

**Senator Smith (Colchester):** Honourable senators, with reference to that report about which Senator Argue inquired, and in respect of which the acting leader replied, may I ask if it includes a study of the effect upon the Atlantic ports of keeping the Seaway open for longer periods than now is the case?

**Senator Langlois:** Honourable senators, since this report has not been completed and has not been published, I am unable to answer that question. We will have to wait until the report is made public before we can see what effect a later closing of the Seaway could have on the Atlantic coast ports.

**Senator Riley:** Honourable senators, if the Seaway should be closed by ice conditions, before December 15, is it the intention to put icebreakers in to keep it open? If so, will this be done to the detriment of the Atlantic coast ports, and the work force in that area?

**Senator Langlois:** I think this is a question which has been asked before. I do not see that there could be any detriment to Atlantic coast ports by keeping the Seaway open for a week or so longer than was seen possible. It is difficult, in a country as large as ours to please everybody at the same time, but I cannot see how the Seaway could be kept open without causing some degree of difficulty for ports, particularly on the Atlantic coast and perhaps even Montreal.

Having these problems in mind, this country decided to build a Seaway many years ago. This vast project was carried out with the consent of the country as a whole.

**Senator Argue:** I wonder if I may be permitted to make a statement along the lines of Senator Riley's inquiry? I see no reason why keeping the Seaway open for grain, particularly this year, should in any way affect the port of Saint John or any other eastern seaboard port because there is sufficient business on hand and sufficient sales have been made to keep both facilities operating—the railroads going down to the eastern ports, and the Seaway. I believe that kind of a suggestion does not apply in this case.

**Senator Flynn:** I would suggest the honourable senator is out of order. He could give notice that he intends to debate the whole matter.

**Senator Argue:** I thought you might be interested in having some information.

**Senator Flynn:** Not information that everybody has.

**Senator Smith (Colchester):** Honourable senators, in relation to this matter I am, of course, in agreement with the Acting Leader of the Government that this is a large country with many varying interests, and it is difficult to do something helpful to one area without the risk of affecting another. However, I would like to have the assurance that, when the Government of Canada takes into consideration the matter of keeping the Seaway open substantially longer than in the past, it also takes into consideration the probable effect upon the Atlantic ports.

**Senator Langlois:** This question, honourable senators, touches on the forthcoming report on the possible extension of navigation on the Seaway. The question posed by the honourable senator from Colchester shows that a debate on this important subject would be quite appropriate in this chamber when the report is before us, and we have all the information to discuss and debate same.

I am pleased to note that my honourable colleague agrees with me that in a vast country like Canada it is hard to do something that does not affect neighbouring provinces or regions with similar interests. For example, I know that the economy of the Atlantic coast is linked to navigation, as is part of the province of Quebec and even the Great Lakes, for that matter. If we do anything for one area, it might affect the others. It is an unavoidable consequence. We shall have to live with this so long as we live in a united Canada.

• (1430)

## AGRICULTURE

### FEED GRAIN PRICES—QUESTION

**Senator Olson:** Honourable senators, I should like to address a question to the Minister of National Revenue, primarily because he is the only member of the cabinet here. It is in respect to the severely depressed feed grain prices in western Canada. The income for farmers in the prairies region who rely on feed grains such as oats, barley, and feed wheat has been practically zero since the new crop year started.

I would ask Senator Guay to contact the minister responsible for the Wheat Board and make representations that would lead to export sales and use of the delivery system in relation to these feed grains. This would have the effect of selling some of this grain on the export market as well as removing the pressure that is causing depressed prices within the domestic market in Canada.

**Senator Guay:** Honourable senators, the question is a very easy one. It is to make certain representations to the minister responsible for grains, and I will be glad to do that immediately upon leaving the Senate chamber today.

**Senator Olson:** After the minister has made those representations, would he report to this house? Any announcement of any improvement in this situation will have an immediate effect of raising prices in the prairies, particularly in connection with offboard sales.

**Senator Guay:** I shall be pleased to do that.

## FOREIGN AFFAIRS

### SAFETY OF CANADIAN WORKERS IN IRAN—QUESTION

**Senator Marshall:** Would the Acting Leader of the Government extract from the Department of External Affairs the position with regard to the upheaval in Iran as it relates to the safety of and danger to Canadians, particularly those people from Newfoundland who recently went to Iran to work in the pulp and paper industry?

**Senator Langlois:** Honourable senators, I shall be very pleased to do so, and I shall take the question as notice.

## LABOUR

### NUMBER OF STRIKES—QUESTION ANSWERED

**Senator Langlois:** Honourable senators, I should like to reply to a question posed to me on Tuesday evening by Senator Walker. I shall not read the introduction to his question because it contains a few laudatory remarks about your humble servant.

**Senator Asselin:** Senator Walker is not here today. Could you not postpone your remarks until next week?

**Senator Langlois:** I am answering a question. The substance of the question is as follows:

> Since Canada has the largest number of strikes per capita per year of any industrialized country in the world, would the Honourable the Leader of the Government outline what steps, if any, the government proposes to take to reduce the number of strikes?

The reply is a lengthy one. To my mind it is an interesting answer, and I hope that honourable senators will bear with me if I read it.

The incidence of strikes in Canada, in relation to other countries, has been a subject of considerable confusion in recent years. Many have claimed that Canada's strike record is the worst of any industrialized country, and do so purely on the basis of conveniently selected statistics, without questioning the differences in statistical methods or the different industrial relations systems within which management/labour differences are recorded. However, if we briefly consider the factors behind the statistics, Canada's strike record will be seen to be much more favourable than suggested by the premise of Senator Walker's question.

First, some countries exclude strikes of a political nature in reporting on the incidence of strike activity. Canada is not one of those countries, although it has a greater degree of political stability than many European countries included in international comparisons of strike activity. A further difference is that the Canadian figures include virtually all strikes, including those of even one day's duration. In contrast, many countries exclude from their figures disputes below a minimum number of working days lost and/or workers involved. Not only are statistics per se an approximation of reality but, moreover, these differences alone suggest that comparisons can be distorted.

Second, Canada's industrial relations system varies significantly from many countries with which it is compared. Collective bargaining in Canada takes place on a fragmented basis at the enterprise or plant level. In many industrialized nations, bargaining takes place to a greater extent on an industry or sectoral level; that is, they are characterized by a highly centralized bargaining structure, and in other countries with a similarly fragmented bargaining system, radically different industrial structures and mechanisms may prevail, such as compulsory arbitration in Australia. When we consider that Australia, with half the number of wage and salary earners as Canada, experiences more than three times the number of work stoppages involving four to six times as many workers, it is clear that Canada's strike activity is more favourable than some would like us to believe.

When we examine the evidence, in an international comparison of the number of strikes in relation to paid workers, Canada's position has been about seventh since 1970; that is, worker involvement industrial disputes is less acute than in many other major industrialized countries. Furthermore, the decline in the percentage of estimated working time lost due to strikes from .4 per cent in 1972 to less than .2 per cent in 1977 indicates both a small magnitude of productive time lost due to strikes in Canada, as well as the fact that there has been an overall improvement in our strike record.

A further ingredient of Canada's industrial relations system, which contrasts with many countries, is that industrial relations in Canada is governed by many jurisdictions; namely, by each of the provinces and the federal government, which has responsibility for interprovincial commerce and works deemed to be for the benefit of all Canadians. When this distinction of jurisdictions is made, it is interesting to note that since 1969 the percentage of estimated working time lost due to strikes in the federal private sector in seven of those nine years has been better than the percentage for the total economy.

It should be noted that the process and strategy for dealing with strikes in the federal private sector are not static. The dispute resolution techniques of the Federal Mediation and Conciliation Service of the Canada Department of Labour, which has responsibility for Part V of the Canada Labour Code, are periodically modified to take account of changing pressures and needs arising from the labour/management interrelationship, and new techniques are introduced after careful experimentation. There has been, for example, a large emphasis on mediation in the past 10 years, and a move away from the use of conciliation boards. These and other measures have enabled the FMCS to achieve settlements, without a work stoppage, in some 90 per cent of all cases referred to it throughout the period since 1949. That this remarkable record has been maintained in the face of a greatly expanded caseload is a measure of the effectiveness of the government's ability to meet its industrial relations responsibilities.

It should also be recalled that in the previous session of Parliament, certain amendments to the Canada Labour Code were passed. Those amendments were designed to reinforce the collective bargaining system and to ensure that our labour relations laws and procedures can continue to respond to its changing and complex needs.

**Senator Grosart:** Honourable senators, as a supplementary question, may I ask the Acting Leader of the Government if he will provide the chamber with the latest comparative figures of the OECD and the International Labour Office—the figures and no verbiage?

**Senator Langlois:** I am ready to take the supplementary question as notice, even though it is supplementary to the reply and not to the question that was originally posed.

**Senator Grosart:** It was supplementary to the original question.

[*Translation*]

## NATIONAL REVENUE

### TAX REBATE—ANSWER

**Senator Guay:** Honourable senators, I would like to answer the question raised yesterday afternoon by Senator Flynn concerning the Tax Rebate Discounting Act and the possible amendments which might be moved following the criticism honourable senators made before it was passed.

You certainly know that the administration of this act, although it is related to the Income Tax Act, is not under my authority but under the authority of my colleague, the Minister of Consumer and Corporate Affairs. You will also recall that this legislation came into force virtually at the end of the peak period for the 1977 income tax returns, as mentioned yesterday.

This morning, I discussed personally with my colleague, the Honourable Warren Allmand, Minister of Consumer and Corporate Affairs, the possibility of amending the bill, Bill C-46, and he indicated that changes are now being considered and

they will be put forward in the near future, among other amendments, in a new bill. As I already mentioned, I have every reason to believe that it will be in the near future.

**Senator Flynn:** I thank the minister and I note with interest that he is prepared to answer questions relating not only to his department but also virtually any department.

• (1440)

[*English*]

## PRIVATE BILL

J. H. POITRAS & SON LTD.—SECOND READING

**Hon. George J. McIlraith** moved the second reading of Bill S-8, to revive J. H. Poitras & Son Ltd.

He said: Honourable senators, the purpose of this bill is to revive the company known as J. H. Poitras & Son Ltd. This company, which has its principal place of business in the city of Hull, Quebec, was incorporated in 1965, and since that time has been selling, servicing and installing fire protection equipment, such as fire extinguishers, as well as fire and burglar alarm systems in the Ottawa and Hull areas.

In September 1977, the owner of the company decided to sell his shares to another company. In the course of completing the documentation arising out of that sale it was discovered by the petitioner's lawyer—and he was so advised by the Department of Consumer and Corporate Affairs in response to a request for information—that the company had been dissolved in 1968 for failure to file with the department, for three consecutive years, the annual information returns required under the Canada Corporations Act.

**Senator Grosart:** He must have had a good lawyer!

**Senator McIlraith:** In any event, I am advised that when he checked further, it was discovered that the notices that were alleged to have been sent out requesting the filing of returns did not come to the attention of the company. They were not sent to the company's own address, so the company did not have knowledge of them.

The notices, of course, were also published in the Canada *Gazette*. The notices were apparently not read by the company either, which is perhaps understandable.

**Senator Flynn:** It is not a very popular publication.

**Senator McIlraith:** In any case, the returns were not filed and the company was dissolved before the new owner acquired shares in it.

Neither the petitioner nor the original owner of the company was aware of its dissolution and the business of the company was carried on, despite the fact that unknown to them it had been dissolved as a corporate body.

In the circumstances, the petition is asking that the company be revived, and that it be deemed not to have been dissolved, in order to regularize the situation.

This being a private bill, it is a matter, of course, of the appropriate Senate committee examining the allegations of fact, and, if it is satisfied that the facts are as alleged, taking the necessary action.

I would propose, if and when second reading is granted, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for examination of the allegations.

**Senator Smith (Colchester):** I wonder if I might ask the sponsor of the bill what is the probability of a loss being sustained by the purchaser of these shares? What difference does it make to him, in terms of dollars, whether the company is in existence or not?

**Senator McIlraith:** Well, a very great loss would be involved. I do not want to presume to put the detailed figures on the record on second reading. I think that is something for the committee to look into. However, it is obvious that the company had been paying income tax on the assumption that there was a company, and those tax returns have now all to be opened up and payment made on the assumption that it was a personal ownership. In the light of that, you can see that there would be a very great financial significance.

I am sorry for not being more exact in reducing that mathematical exercise to precise figures, but it is just not possible at this stage.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator McIlraith** moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

## INTER-PARLIAMENTARY UNION

SIXTY-FIFTH ANNUAL CONFERENCE, BONN, WEST GERMANY—DEBATE CONTINUED

The Senate resumed from Wednesday, November 8, the debate on the inquiry of Senator Bonnell calling the attention of the Senate to the Sixty-fifth Annual Conference of the Inter-Parliamentary Union held at Bonn, West Germany, 5th to 13th September, 1978, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

**Hon. Gildas L. Molgat:** Honourable senators, Senator Bonnell, who was a member of the delegation to the Bonn Conference, has explained very clearly its structure. He also expressed our appreciation to all those who helped to make it a successful conference. I simply want to add my own thanks to our staff and the contingent who accompanied us on the trip, to the Canadian ambassador at Bonn and his staff, to the staff at External Affairs here who briefed us prior to our departure, and also, obviously, to our host, the Federal Republic of Germany and the staff put at our disposal, in particular, Miss Ute Gehre and Mr. Gunter Hamann, who were so extremely helpful and such pleasant people to deal with.

I am quite aware, from previous experience here in the Senate, that when we report on one of these trips it is considered by many to be a travelogue. I sincerely hope that neither Senator Bonnell's contribution nor my own will be in that category. I readily admit that travelling is enjoyable, and seeing new countries is a pleasant experience. The host countries receive us very well, and it is undoubtedly useful for parliamentarians to see other parts of the world and meet other parliamentarians. It is not my purpose, however, to go through those details today. Instead, I would like to focus on the purposes of the IPU, and, I trust, some of the results that the IPU has been able to achieve.

It is important, as well, for us to consider how Canadian parliamentarians can make an ever-better contribution to the parliamentary groups to which they belong. We have a golden opportunity there always to do a better job, and we should be looking at the ways and means whereby we can do it.

● (1450)

At the outset, I must say that I returned from the Bonn conference with a much better appreciation of the purposes, the role and the possibilities of the Inter-Parliamentary Union. Once before in the Senate, when I reported on another Inter-Parliamentary Union conference held elsewhere, I questioned the direction that I thought the IPU was taking and the validity of our participation in that type of body. At that time, I was concerned about the IPU's becoming, in my view at least, more and more a propaganda forum than a genuine forum for the discussion of world problems. It seemed to me at that time that it was bogged down in a perpetual and repetitive discussion over the Middle East situation. It did not seem to matter that the subject under discussion was education, natural resources or something else, the two sides always seemed able to bring in the Middle East question.

This time—in large part because of the Camp David discussions which were going on at the very time we were meeting in Bonn—both sides agreed that they should not interfere with that very worthwhile endeavour to bring peace to the Middle East, and they refrained from doing it.

Previously, the North and South Korea situation had the same potential, and at one stage it reached almost the same level. I suppose now we could be facing the same problem with the Sahara question.

At the Bonn conference that did not happen, and I am pleased that we are moving forward with better understanding. I am not suggesting that all of it has been erased. We have to keep on pushing for a genuine discussion. It is not always easy, and I am still concerned about what I sense to be bloc voting on the part of the communist bloc countries. I would prefer to see much more genuine independence on the part of delegates who attend the conference. It may be wishful thinking, but possibly by continuing discussion and by example we can arrive at more understanding in that regard.

Senator Bonnell gave a very good description of the various items that were under discussion at Bonn, and I do not propose to go over those topics except for one—the disarmament question. Both Senator Bonnell and I were directly involved in this. I participated in the general debate, and I am pleased to say that the tenor of the discussion was very positive. There was general support for the proposals coming out of the special session of the United Nations. There was obviously some discussion on the question of the neutron bomb and the SS-20 missile. Both sides took fixed positions on that, but it was finally resolved by their agreeing to a wording which eliminated both those terms and simply used a general phrase on which they could arrive at a conclusion which, if it was not unanimously agreed to, was at least one that received substantial support. The final resolution passed the General Assembly by a vote of 603 in favour and 35 against, with 163 abstentions.

As I said, it was in keeping with the United Nations proposal and it was one that Canada could support. Both Senator Bonnell and I sat on the drafting committee, and we made a particular proposal when there was a move by some of the communist countries to remove a provision calling for publication of the transfer of arms and actual figures of arms production. There was a move by the communist countries to prevent public disclosure. It was our view that if you cannot start by having an open statement on what the arms are, then discussion on limiting them is purely academic. Our point of view carried the day.

Another specific proposal we made in the course of the disarmament debate was with respect to our continuing concern as a country producing nuclear equipment—not war material but equipment for peaceful uses—and a country with great productive capacity and scientific knowedge, about the peaceful use of this equipment. We were further concerned about the disposal of radio-active waste. We suggested that the IPU might well consider this a subject for further study as a world problem.

I shall turn now to subjects not really or directly part of the general conference discussions, but which were very much part of the IPU's work and were discussed by the Inter-Parliamentary Council which met at the same time as the General Assembly. On the Inter-Parliamentary Council we have two Canadian representatives: Mr. Lloyd Francis, M.P., Chairman of the Canadian group, and Mr. David MacDonald, M.P. These two members were very active in these particular areas. Again, I will not cover all of the subjects discussed by the council, but I want to touch on some in which Canadians have a particular interest or involvement.

I refer first to the International Conference of Parliamentarians on Population and Development. This conference is scheduled to take place in Colombo from August 28 to 31, 1979. This group has as its secretary-general a Canadian parliamentarian, Dr. Frank Philbrook, so we have a direct involvement in the conference. The question of population is of direct concern to us. While we are not one of those countries contributing to the population explosion, we certainly have a direct concern in the whole problem and, obviously, as one of the great food-producing countries, we must have an involvement.

The proposal here was that the IPU be involved in this conference, which was originally sponsored by the United Nations, and it was agreed that the IPU would co-sponsor it and would be directly involved. I am very pleased that that action has been taken.

Another specific area the council dealt with was the question of parliamentarians and the United Nations. There has been a growing concern that parliamentarians are not sufficiently involved in the work of the United Nations. This is somewhat akin to the problem we sometimes feel in Canada that governments, as distinct from parliamentarians, may be dealing with things. The constitutional question is a possible example. There may be conferences between leaders of governments, discussions between government members and members of cabinet at different levels, but parliamentarians are not always in the process. As we all recall, there was a joint committee some years ago on the Constitution, and now we have a Special Senate Committee on the Constitution. This is really the involvement of parliamentarians as distinct from conferences of first ministers.

The same concern exists in the United Nations. In this regard again Canadians have had a direct involvement, and Mr. David MacDonald, M.P. took a particular position on this at the council meeting and put forward some very useful suggestions. As a result, the council has agreed to explore more fully a closer involvement of parliamentarians with the work of the United Nations. In this way there will be more information flowing to parliamentarians, and more involvement of parliamentarians, so that we will not encounter a situation in which the United Nations becomes more and more a body of government and non-government institutions that are not directly representative of the people as parliamentarians are.

• (1500)

The last specific subject I want to mention is that of human rights. This is a subject which has been receiving more public discussion recently. There is more and more talk about it. The President of the United States has certainly become personally involved in this question. Canadians, to their credit, have been involved in it for a long time through the IPU. The previous Chairman of the Canadian group, Mr. Gordon Fairweather, who is now the Chief Commissioner of the Canadian Human Rights Commission, was very much involved in the whole field of human rights.

This has been followed through, and I am pleased to say that a member of the Senate has taken an active part relating to human rights in previous IPU conferences. I refer to our colleague, the Honourable Senator Neiman. I hope she will participate in this debate or, if not in this one, in some other debate on the subject, because she was very much involved in IPU direct action on human rights.

Obviously, the IPU is interested and involved in the overall general question of human rights of all humans, but it is also felt that it has a particular responsibility, and a particular role to play, in the human rights of parliamentarians. I emphasize that this is not to the exclusion of the rights of all humans. However, because the IPU is a parliamentary group, it was felt that this was a particular area where it had a responsibility, and where there was the possibility of doing something concrete.

Senator Neiman was involved at an early stage in getting the IPU to accept a resolution whereby the IPU would take an active position in protecting the rights of parliamentarians. That resolution was passed. It certainly was not an easy one to get accepted, because there are a number of countries belonging to the IPU who are not particularly interested in having outsiders involved in what goes on within their boundaries. However, the resolution was passed, and I am pleased to say that it has resulted in substantial action.

We are dealing with a limited group, and there are only so many things that can be done. Nevertheless, up to this point the IPU has been able to investigate specifically 36 cases of parliamentarians whose human rights have been reported endangered. Of those 36 cases, six are considered closed and there is no reason to follow them up, five are still under investigation and 25 have been reported as genuine and in which action has been recommended. The action recommended is, in fact, specific action calling on parliamentarians and parliamentary groups to do something. The effective portion of the resolution reads:

> Calls on the National Groups to take all such measures as they may deem suitable for the support of the decisions of the Inter-Parliamentary Union in this matter and to inform the Organization's Secretariat of their initiatives and the results obtained.

I think that reporting section is a very important element, because it means that our group, the Canadian group, must go back to the IPU and say, "This is what we have done as Canadians about the human rights of these people who have been identified as parliamentarians in certain countries, who are at present incarcerated or have been tortured."

To show the effect of this, I will read from the reply of the Secretary of State for External Affairs to the IPU Canadian group, who sent him an outline of what the IPU had found in these cases:

> I consider it most appropriate for the Inter-Parliamentary Union to concern itself with the human rights of present and former parliamentarians. Although its representations to Governments may not always result in direct or immediate improvements in the specific cases raised, I believe that in many cases the demonstration of the Union's concern about human rights can and does have a beneficial effect on the general human rights situation in the countries concerned.

Then the Secretary of State goes on to deal with each specific case that has been referred to him. In all of these cases the Canadian missions in the relevant countries have been informed that the Canadian Group has drawn the government's attention to the cases denounced by the Union, and the Canadian missions have been requested to make representations to the authorities of the countries concerned, and to

follow closely the development of the situation with regard to those cases. He goes on to outline what has happened, and in each case what action has been taken.

I do not claim the IPU has been able to get so many people released, or the conditions of people in jail changed, in so many cases, but there are specific cases in which action has been taken where public pressure is now evident, and where those countries know that other countries are concerned; where the Canadian government has made it clear that it is concerned. This, I think, is a great forward step.

I commend those who have been involved in this process. I think it is an example of the kind of work we can accomplish through some of our inter-parliamentary groups.

**Senator Thompson:** May I ask the honourable senator a question? Is the only initiative of the Canadian IPU through the Secretary of State for External Affairs, who will have the Canadian mission in the country involved ask about a parliamentarian whose rights are being abused? Is there a suggestion that perhaps the individual members of the Canadian IPU should write letters on behalf of the parliamentarian abroad who has been so abused?

**Senator Molgat:** Yes, certainly, individual members are urged to write, and to speak to any groups they can. We are urged to get our media to respond and so let the facts be known. Debates like this one are another method by which pressure can be exerted through public information. All methods are encouraged, and it is not limited to pressure by government. As individuals and collectively, all of us are urged to take part in this.

**Senator Thompson:** Perhaps I might just follow that up. Amnesty International will send background material on individuals on whose behalf they make representations to the members of Amnesty International. Is the Canadian IPU group sending background material on these parliamentarians, and a suggested course of action, to the individual Canadian members?

**Senator Molgat:** I am not sure whether that information has been sent directly to the Canadian membership of the IPU, but it is referred to in all the reports we send. I shall be pleased to find out whether a more direct appeal to each individual can be made. We obviously work in close co-operation with Amnesty International as well. Senator Neiman may have more information to give in that respect.

● (1510)

Senator Thompson's question regarding the information we have given to individual members of the IPU brings me to the conclusion of my remarks today. One of the problems faced by all honourable senators is the amount of material that comes across our desks. It is impossible to read all of it and to be aware of all the problems. In light of that, we are faced with the question of how to make Canadian parliamentarians more effective in interparliamentary groups. How can we make the IPU more meaningful? How can Canadian parliamentarians participate more actively?



The first thing, obviously, is to be aware of the IPU. In that respect, I would urge all honourable senators to read the report on the last Bonn meeting. That report contains some very useful information. As I have said, it is impossible for honourable senators to read all of the material that comes to them, but to the extent individuals can be urged to do so I think that should be done. Perhaps we should consider another method by which to initiate more in-depth discussion on these subjects, and possibly the Foreign Affairs Committee would consider these reports as topics for discussion.

The Foreign Affairs Committee has just concluded a thorough and useful review of our relations with the United States. I do not believe there is on hand at the moment any major new investigative program for that committee, and it might well be that, as a continuing program, it could consider the reports of interparliamentary groups. This might be one means of bringing about more discussion on human rights and the other questions that come from these interparliamentary conferences.

I hope that we will have a more extended debate on this and other subjects covered in our report. It is important—and I am speaking now for the IPU, in which I am involved—that there be more involvement by individuals in the discussions prior to the conferences. We know, for example, that the spring conference is to be held in Prague in April of next year, and I hope that many more senators will offer themselves as potential delegates to that conference.

**Senator Roblin:** There is only one allowed, and he has to be a Liberal.

**Senator Molgat:** I realize there is a limitation on the number. That is normal. However, there is no restriction on the number that can make application. If only a few apply, notwithstanding the fact that there will be only one chosen, the possibility of getting more involvement is limited. I urge more to apply, and I urge more to be involved in the briefings in advance of that conference and subsequent conferences.

**Senator Flynn:** We on this side are excluded, so there is no sense in applying.

**Senator Roblin:** I am not going to apply. I am ruled out.

**Senator Molgat:** The representation, of course, depends on the total number attending. If honourable senators feel there should be a greater representation from the Senate on Canadian delegations to IPU conferences, the Senate might consider a greater contribution to the budget of the IPU. In this regard, the Senate in the past has not really made its contribution to parliamentary groups in relationship to numbers. I realize that these contributions have been increased, but they are still not in direct relationship to the numbers.

**Senator Grosart:** I would ask the honourable senator if he is quite sure of that, because there is clear agreement, entered into by the Senate, that its contribution is in exact relationship to the number of senators in the delegation. This has been adhered to very strictly, and is at the present moment being adhered to.

**Senator Molgat:** I was not referring to the actual number of senators on delegations, but to the total budget of the parliamentary group.

**Senator Grosart:** It is the same thing.

**Senator Molgat:** The Senate has 104 members and the House of Commons 264. Taking the relationship in terms of 104 to 264, the Senate is not contributing in that ratio to the budget.

**Senator Grosart:** Our contribution is higher.

**Senator Molgat:** No, it is less. It may well be that the House of Commons does not particularly want a different structure, but it is, I think, for the Senate to determine whether or not it wants to contribute more. According to the last budget I saw—and I stand to be corrected—the Senate is not contributing in the ratio of the membership of both houses.

So, I urge more involvement and, as well, more preparation—and this is something, I suppose, that really falls within the responsibilities of the IPU. In this respect, I speak as a Vice-President of the IPU and not simply as a delegate to this last conference. I think that when members of either house are members of a delegation, there has to be more time spent in getting ready for the meeting.

Having been a whip on this side, I know the pressures involved, but it is important to have more continuity in our representations. I say this with some hesitation, because it would appear to be somewhat self-serving for Senator Bonnell and I, having just been members of a delegation, to plead now for more continuity. But if we want a good delegation, and to have good representation and good work done by the members, it is important to have continuity. In that way, the delegates can fully participate. Because they are familiar with the background, they can be much more useful. I think the general experience is that one is much more effective at second and subsequent conferences of this kind than at the first. The first time around you are not familiar with the procedures, the people or the system. As a result, you simply cannot make the same kind of contribution as you can on second and subsequent occasions. For that reason, I feel that continuity is one factor that we should look at.

Another factor is more follow-up on the return of delegations. In this respect, the follow-up could take the form of reports to the Senate, provided that senators do not simply take the position that it is a travelogue. Travelogues are simply not that important. But in-depth discussion is something that we should have more of, and the delegates themselves, on their return, should get together to go over the process and express their ideas of how to do a better job next time.

It is my hope that we will have a more extended debate on this subject. I have by no means covered all of the topics dealt with at Bonn. I tried to cover those in which I felt Canadians have a particular concern, and in which I have a particular interest.

On motion of Senator Bosa, debate adjourned.

## AGRICULTURE

### MOTION TO AUTHORIZE COMMITTEE TO STUDY PROBLEMS OF INTERNATIONAL CO-OPERATION IN THE MARKETING OF GRAINS—DEBATE ADJOURNED

**Hon. Hazen Argue,** pursuant to notice of Tuesday, November 14, 1978, moved:

> That the Standing Senate Committee on Agriculture be authorized to examine and report upon the problems of international co-operation in the marketing of grains and other agricultural products; and
>
> That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place for the purpose of such examination.

He said: Honourable senators, I thought I should take the opportunity, on moving this motion, to review the work of the committee in its study of the marketing of wheat, in particular, at our meetings in both Winnipeg and Washington. Before going into that subject, however, I want, as chairman of the committee, to express my thanks—and I am sure I speak for all members of the committee—to the Senate as a whole and to honourable senators individually for the support they have given the Agriculture Committee. I am pleased with the support and the work of the members of that committee. I know that they have very often attended meetings at real personal sacrifice, and I acknowledge the very effective work being done by the members of the Standing Senate Committee on Agriculture.

● (1520)

Honourable senators, the motion before you is the same as that approved by you on May 25, 1978, when the committee requested authority to examine and report upon the problems of international co-operation in the marketing of grains and other agricultural products, because it believed it could play a useful role in furthering the possibilities of such co-operation—co-operation which it believed was in the interest of all Canadians.

The work we began last spring has not yet been completed and that is why we are asking the Senate to authorize the Agriculture Committee to continue its examination. The last session of Parliament, ending as it did, provided no opportunity for your committee to make its report. I should like to take a few moments now to inform you of what we have been doing, and why. I am hopeful that other members of the committee will further inform you by participating in the debate on this motion.

The primary objective of your committee has been to examine ways and means by which Canadian producers will be assured a fair and reasonable price for wheat, a price that is prevented from falling below the cost of production. It is our opinion that the best way to achieve this objective is for the wheat exporting countries of the world to co-operate with one another to assure our producers of this price.

It is a corollary of our objective that the importing countries will be assured of an adequate supply of wheat in the future. Without farm gate prices which cover the costs of efficient but

recently established farmers, wheat production in the exporting countries cannot continue at the levels required to feed an ever-expanding world population. Nor should the consuming nations expect that this can be done.

I took the opportunity in April 1977, on my own initiative, to visit Washington and to make some contacts with senators and congressmen at that time, particularly the chairman of the Senate Agriculture Committee and of the Agriculture Committee of the House of Representatives. The original stimulus for our efforts of last June was my approach to Senator McGovern of the United States. He suggested at this earlier meeting that it would be benefical if committees of our two countries could get together from time to time. He made it known, in May of this year, that members of the United States Senate Agriculture Committee would be very pleased to meet with members of the Canada Senate Committee on Agriculture to explore the possibilities and the problems respecting international co-operation in the marketing of wheat. These preliminary discussions led to the meeting in Winnipeg.

Prior to our discussions with the senators from the United States in Winnipeg, we consulted, as a committee, carefully with the Canadian Wheat Board and with our own representatives at international wheat agreement negotiations. These consultations provided us with the necessary background information to begin discussions on such topics as the mechanisms available for exporter co-operation, and the possible difficulties that would be encountered with a co-operative arrangement together with suggestions for their solution. We were also fully briefed on the American farm support programs as they are now being administered. Our consultations further informed us about the Geneva and London negotiations for a new international wheat agreement.

The contacts which we established at that time have been maintained. Your committee has worked closely with the Honourable Otto Lang, the minister in charge of the Canadian Wheat Board, with the Canadian Wheat Board itself and with other federal government officials. As chairman, I have discussed this whole question with the minister, Mr. Lang, on several occasions, and, along with the other senators who planned to make the trip to Washington, had a lengthy and valuable meeting with Mr. Lang and his officials prior to leaving for Washington.

It is fair to say that the conclusions reached by your committee after our discussions with the experts were rather pessimistic. The wheat exporting countries have for more than 10 years been following a course of confrontational and disastrous competition. There are no particular villains of the piece, for all the exporters—the United States, Australia, the Argentine and Canada—have undercut one another from time to time. The importers—many of them—have carefully shielded their markets from the influences of the world market. The economic policies of the centrally planned economies result in the purchase of wheat by the state agencies without altering the internal price structure, or permitting consumption to develop, or forcing production to meet the challenges of competition. The European Economic Community practises similar manipulations through its common agricultural policies, and actually benefits from direct subsidization from the pockets of our producers and our taxpayers through the levies which it adds.

[Senator Argue,]

If our wheat producers, for example, should take a dollar a bushel less for their wheat, this does not help the consumers of the European Economic Community; it merely results in an additional tax on our wheat going into those countries, and that additional sum of money is made available to the treasuries of those countries to support their agricultural producers, so the further we cut the price of wheat the more we assist farmers in other countries of the world.

The primary result of this situation, where almost all of the importing countries in one way or another, and for very good reasons, protect their consumers or their producers, or both, is that the world wheat market, that quantity of about seventy million tons that moves from the exporting nations to the importing nations, is subject to extreme fluctuation in price when there are minor shifts in supply. I am sure those of you who are acquainted with the wheat business will recall how our producers in the late 1960s and early 1970s suffered drastic reductions in the price of wheat. The normal sensible reaction to such a situation was to cut back production, to stop growing wheat, to control supply. That is what any manufacturer would have done. Huge price increases resulted a year or two later because production had been decreased, and there was a shortage of wheat in the importing countries very soon after.

Unfortunately, wheat producers in the exporting countries cannot predict disastrous droughts or frost in their home areas any more accurately than they can predict them in the other major producing areas of the world, China, Russia, Europe and even India. They cannot reduce or increase their production with the foreknowledge of surpluses or deficits in the world's markets, nor, for that matter, do they want to.

• (1530)

World demand is steadily increasing by one billion bushels a year. Canadian producers want to help satisfy that demand, and they want to do so at a fair price. Your committee agrees that that is a sensible and reasonable objective.

It was obvious to your committee that the negotiations under way in Geneva and London to achieve a new international wheat agreement would only partially meet this objective. The type of agreement being discussed, as has been explained to us, would provide for a system of reserve stocks that would be accumulated or dispersed according to an agreed-upon range of prices. As far as your committee has been able to discover—and the negotiations are continuing—the range of prices is not one which wheat producers in Canada would consider acceptable as it would not, at its lowest level—the stock accumulation level—cover the cost of production. It is not certain that an agreement will be reached, but even if it is, your committee is convinced that exporter co-operation will still be required to assure our wheat producers of a fair price, and to assure the consuming nations of sufficient supplies at fair prices.

With these problems and conclusions in mind, we went to Winnipeg to meet with the Amercian senators to exchange ideas and to find out if there was common ground between us. The exchange of ideas was most valuable and the common ground was definitely there.

Three members of the Committee on Agriculture, Nutrition and Forestry of the United States Senate came to Winnipeg and met with six members of our committee. The members of the committee from the United States were Senators George McGovern, Democrat, South Dakota; Henry Bellmon, Republican, Oklahoma; and John Melcher, Democrat, Montana. The senators representing the Standing Senate Committee on Agriculture were Senators Hays, McDonald, Molgat, Roblin, Sparrow and myself. In addition, we invited to the meeting—and they accepted—the Honourable Otto Lang, the minister responsible for the Canadian Wheat Board, and Mr. Esmond Jarvis, the Chief Commissioner of the Canadian Wheat Board. Indeed, the Canadian Wheat Board considered the meeting to be of sufficient importance that all of its five members came. They were accompanied by Roy Atkinson, the Chairman of the Producers' Advisory Committee to the Canadian Wheat Board.

The American senators were accompanied by two prominent farm leaders, Mr. Robert Lewis, National Secretary of the National Farmers Union, and Mr. Ben Radcliffe, President of the South Dakota Farmers Union. The Honourable Harvey Wollman, Lieutenant Governor of South Dakota, was also in attendance.

From the opening statements made by Senator McGovern and myself, it was concluded that our objectives were quite similar. We were able to explore many ideas and problems, and to come to a number of positive conclusions. To this end the comments of Mr. Lang and the board members were most helpful and positive. The Canadian delegation did not have any basic disagreement among its membership. I think it is fair to say that the senators, the minister, the Canadian Wheat Board and the Canadian Wheat Board Advisory Committee were in general agreement on what was being done.

The discussions quickly turned to a suggestion by the American senators that, as a means of achieving our basic objective, there should be a reasonable minimum or floor price at the farm gate in the exporting country.

The United States is the largest exporter of wheat. Its share of the market is now averaging between 40 and 50 per cent. Our share is roughly half the American share—between 20 and 25 per cent.

Since the failure of the last international wheat agreement, the world price has been determined by the price at which the American exporters are willing to sell. Other exporting countries have been price followers, I would suggest, and not price leaders. The world floor price is also set by the American market, but its level is determined by the United States farm price support legislation.

The United States government offers price-support loans on wheat and other agricultural products which permits producers, when the price falls to the loan level, to store their grain. The loan level at the present time in the United States is $2.35 per bushel, far below even the most conservative estimates of the cost of production. The wheat exporting countries cannot purchase much below the loan level and so this sets the American floor and, because of the dominance of the United States in the world market, this effectively establishes the world floor.

The American senators wanted to discuss with Canada what we would do if the United States government raised their own loan rate significantly. This suggestion for establishing a reasonable world floor price was not new to us or to the minister or to the wheat board. Indeed, the Canadian Wheat Board has, for some time, been studying the implications and the advantages of such action.

The members of your committee stated their opinion that the Canadian wheat system was so arranged that Canada could easily enter into a co-operative pricing arrangement if the American government were to raise the loan rate. The Honourable Otto Lang stated clearly and categorically that Canada would support the actions of the United States, or those of any other exporting country, to assure a fair producer-return from the international market.

Mr. Esmond Jarvis, Chief Commissioner of the Canadian Wheat Board, stated that the Board could, by pricing in appropriate relationship to the United States selling prices, govern with fair precision the quantities of Canadian wheat that would be sold or retained.

As I mentioned earlier, this was an exploratory meeting but, even so, all of the participants agreed that considerable progress had been made. The Canadian Wheat Board had, in its presentation to the meeting, suggested that Canada and the United States could establish a small task force of senior marketing officers to identify the costs and benefits to each country of close exporter co-operation, and to outline the means by which such co-operation could be achieved. The senators discussed this suggestion and agreed it was a recommendation they should make. The Honourable Otto Lang agreed that the task force would be an appropriate means of continuing discussions of this important subject.

Our meeting in Winnipeg ended with the suggestion by the United States senators that our discussion should continue, and that the next meeting should be in Washington in the near future.

I might say that when this meeting opened, Senator Henry Bellmon, who is a ranking Republican on the committee of United States Senate, said he was not convinced that Canada would co-operate with the United States in any pricing understanding. He said that the Canadian Wheat Board would move in and undercut them, and the Americans would suffer on that account. However, when the meeting was over, he said he was leaving Winnipeg to go back to the United States more than half convinced that Canada would, in fact, co-operate with the United States in any mutually-agreed-to pricing arrangement in a way that would not only protect Canadian interests, but

would also assure that American legitimate interests were protected. We felt that was a major accomplishment, namely, that a ranking Republican on the Senate Committee on Agriculture, Nutrition and Forestry of the United States was moving towards support of the position being taken by the Canadian delegation.

Upon their return to Washington, Senators McGovern, Bellmon and Melcher wrote to President Carter to apprise him of their discussions with ourselves, the Honourable Otto Lang and the Canadian Wheat Board. They recommended to President Carter that the task force be established, and that Australia and the Argentine be invited to participate, and that the composition of the task force be extended to include representatives of the major national farmers' organizations.

Up until this point, at any rate, the United States administration has not seen fit to agree to the establishment of this task force.

● (1540)

In September, after the Winnipeg meeting, I received a letter from the Honourable Herman Talmadge, Chairman of the Committee on Agriculture, Nutrition and Forestry of the United States Senate, inviting the Standing Senate Committee on Agriculture to come to Washington for just such a meeting. This Senate was, of course, adjourned for the summer, and the committee's terms of reference did not authorize it to make a journey outside Canada. However, I discussed this invitation with members of the committee, and also with other senators whose opinion I very much respect. Each one I spoke to felt that we would be serving a useful purpose by accepting the invitation. Senators Harry Hays, A. H. McDonald, Bud Olson, Duff Roblin, Herb Sparrow and Paul Yuzyk said they would like to make the trip, and agreed that the invitation should be accepted.

I might say that prior to going to Washington we had a meeting with the Honourable Otto Lang and with William Miner, who heads the Canadian delegation to the International Wheat Agreement, and found their attitude to be positive and supportive. They encouraged us to follow through with this initiative.

Our delegation was composed of Senators Hays, Roblin, Yuzyk and myself, and we were accompanied by Mr. Albert Chambers, our own research director; Mr. Bill Spafford, a senior economist with the Canadian Wheat Board; and Mr. Don Caldwell the agricultural secretary of the Canadian Embassy in Washington. We appreciate the excellent advice they gave our committee, and I know that I speak for all members of the delegation when I say they were most helpful.

We believe that our meeting in Washington was a success, because it enabled us to broaden our own perspective, and it enabled the members of the United States Congress to meet with Canadian senators.

On arriving in the United States on the day before our Wednesday meeting, we were guests at a luncheon hosted by Senator Herman Talmadge, Chairman of the Senate Agricultural Committee and had an opportunity to meet unofficially with United States senators and some of their agricultural leaders.

At our meeting on September 27 we met with seven members of the Senate Committee on Agriculture, Nutrition and Forestry. They were Senator George McGovern, Democrat, South Dakota; Senator Henry Bellmon, Republican, Oklahoma; Senator Pete Domenici, Republican, New Mexico; Senator Kaneaster Hodges, Democrat, Arkansas; Senator John Melcher, Democrat, Montana; Senator Milton Young, Republican, North Dakota; and Senator Edward Zorinsky, Democrat, Nebraska. In addition, attending that meeting was Senator Frank Church as a visitor and interested party. His presence was of great importance because he is slated to be the next Chairman of the Senate Committee on Foreign Relations, which is an important committee dealing with foreign matters.

While it was called a Senate meeting, six members of the House of Representatives from wheat growing states attended and participated. They were representatives Dan Glickman, Democrat, Kansas; Jack Hightower, Democrat, Texas; Ron Marlenee, Republican, Montana; Keith Sebelius, Republican, Kansas; and Mr. Harold Volkmer, Democrat, Missouri.

I might say, incidentally, that our meeting was held in the largest committee room in the Capitol Building. Its official name is the Caucus Room, but they said that since the Watergate hearings it had been known as the Watergate Room. It is a very large room, and also attending the meeting were approximately 100 leaders of the main farm organizations in the United States. The meeting was covered by three American television networks, and, as a Canadian taking part in the meeting, I was much impressed and greatly honoured. It may not be modest of me to say so, but all four senators comprising the delegation took an active part in the discussion, held their own, and did a good job for Canada's wheat producers.

The Washington discussions were to some extent a continuation of those that took place in Winnipeg, but this time with more senators and congressmen participating. It should be clearly stated that while there was some necessary repetition, there were also new ideas suggested and new initiatives undertaken.

Senator McGovern, who chaired the meeting, proposed that the best means of raising prices at the farm gate was to increase "modestly" the support loan levels. This, he stated, would be neither a "great" nor "radical" change, for it would leave the existing farm support system to "function in the same way that it does now."

Senator Henry Bellmon, whom I mentioned earlier, made an alternative suggestion as to how Canada, the United States, and perhaps the other wheat exporters, could co-operate to achieve fair prices for their producers. He proposed the establishment of an "international grain exporting stabilization commission," which would be composed of exporters and would issue export licences based on historic shares of world markets within an agreed price range. Senator Bellmon recom-

mended a range of between $4.50 and $6 per bushel for the port, which would return about 50 cents less at the farm gate.

Our position at these discussions was one of flexibility. Senator Roblin emphasized that we as Canadians were not seeking or recommending changes in the American grain marketing system or in the basic government programs. He, Senator Hays and Senator Yuzyk emphasized at various times that our wheat marketing system could be adapted to a co-operative arrangement if an acceptable mechanism could be found. Our primary purpose was to express the assurances which we had from the minister responsible for the Canadian Wheat Board, the Honourable Otto Lang, and from the board itself, that Canada could participate in an acceptable arrangement, and that we believed that substantive discussions on the alternatives should begin.

United States senators made most valuable contributions. If I may be permitted an evaluation, I would say that they were all very eager to have some type of arrangement discussed and investigated, and they were most upset that the Carter administration had not yet taken a positive attitude toward their suggestions.

When Mr. Thomas Hughes, an official of the Department of Agriculture, was asked for his comments and for some indication of the administration's position, he was less than encouraging. The United States senators, in turn, were less praiseworthy of their own Administration's efforts, such as the very modest increase of 10 cents per bushel in their loan rate.

Discussions then moved on to appropriate steps that could be taken to increase the understanding of senators of the problems involved in co-operation. Senator McGovern announced for Senator Herman Talmadge, the Chairman of the Agriculture Committee, that that committee had commissioned a study "to be undertaken by outstanding agricultural economists of State Universities and Land Grant Colleges of the feasibility of co-operation between the United States and Canada" in the pricing of wheat for export. Senator Bellmon, in his statement to the meeting, had suggested that a joint working group of the agriculture committees of the Canadian and United States Senates be formed.

● (1550)

After some discussion the meeting concluded that an *ad hoc* working group, composed of the professional staffs of the committees and the senators' staffs, would be struck to continue studies of the various proposals, and to establish liaison on this matter. It was also suggested that the staff of the House of Representatives agricultural committee be included. This meeting with the members of the Committee on Agriculture, Nutrition and Forestry of the United States ended optimistically, and I would say justifiably so.

Later the same day we had the opportunity of meeting with Congressman Thomas Foley, Chairman of the House Agriculture Committee, again with Congressmen Hightower and Marlenee, and with members of the committee staff. At that time we reviewed the morning's discussions and our ideas on co-operation, and had a frank discussion of the problems that a co-operative arrangement might encounter in the House of Representatives. Congressman Foley expressed his interest in having the House committee staff join our *ad hoc* group, but he cautioned us that while almost every senator has at least one wheat farmer in his state, many congressmen do not—obviously not the congressmen representing large cities in the United States.

I, for one, do not believe that such a realization should result in pessimism, but rather we should conclude that this multiplies our challenge, and should spur us to greater effort in aid of the objective we believe will have considerable benefit for Canada and for our wheat producers.

After this meeting we were given a reception by the National Farmers Union, hosted by Tony Deschant, the President, at which we had the opportunity to meet personally the many leaders of the major United States agricultural organizations, who had come to Washington to listen to and be part of our deliberations.

Honourable senators, I do not wish to go on much longer, but I would like to say that our visit to Washington permitted us to have discussions on more than international co-operation in the marketing of wheat. Our group met with Congressman Neal Smith, Chairman of the House Small Business Committee, and his staff, to discuss their investigation of the marketing of beef in the United States, this being, of course, of relevance to our committee's continuing inquiry into the Canadian beef industry. We also met with Mr. Bill McMillan, Vice-President of the National Cattlemen's Association, to discuss the international trade in beef. These discussions were most enlightening, and I believe will prove useful to the committee in its work ahead.

I might say that after returning from Washington I was honoured with an invitation to speak at the annual convention of the South Dakota National Farmers Union, which took place on October 10, South Dakota being the state from which Senator George McGovern comes. I was pleased to go to that convention, and I enjoyed it very much. Since that time I have received a letter from Senator Henry Bellmon, and an invitation on behalf of our committee to attend the annual meeting in Oklahoma City of the Oklahoma Wheat Growers Association. This meeting is called for December 1. After I had received that invitation I received another one to attend the annual convention of the Texas Wheat Producers Association, to be held in Texas on the day prior to the Oklahoma meeting. I think, therefore, that the co-operation that was initiated in Winnipeg, and continued in the United States, is just the beginning, and that there will be, and should be, further contacts between Canadian senators and United States senators, and between the members of our staff and members of the staffs of those committees in the United States.

To conclude my remarks I would like to review with you the benefits that would flow from co-operation between the wheat exporting countries. The primary benefit would be higher farm gate prices in Canada for the wheat which our farmers grow and sell. This would encourage them to maintain production during times when small surpluses would otherwise force them

to cut back. Production of constant—indeed, of increasing—supplies of wheat by the exporting countries is essential if the populations of the importing countries are to be able to purchase the quantities they desire when they need them, and at prices which are reasonable. Stability of production can only be achieved through stability of price, but the prices must cover the production costs of the efficient producers, as even price stability will not be a sufficient incentive for all of the increased production that is required.

The multiplier effects of sufficient farm incomes are well known, and hardly need repeating. A producer who is confident of reasonable prices spends his income on improving his efficiency. He purchases the latest farm equipment, uses more fertilizer, farms better and assists the general economy of the country. If the money from higher prices of wheat flows into the rural economy and into the factories of Canada year in and year out, its value is far greater than if producers, because of low prices, cease to buy machinery or other inputs for several years, as happened not long ago.

Last year, 1977-78, we sold over 15 millions tons of wheat, including Durum. If the price had been one dollar higher, that would have meant an additional $550 million of foreign exchange earnings, a stimulus to the economy much of which would have come from countries which already charge their own consumers of imported wheat as much as twice the price that our producers receive.

Today, when the government is bringing down a budget, it would be wise to consider that not only would the farmers be earning significant sums to help balance our trade and stabilize our dollar, but they would not have needed the payments being made this year out of the western grain stabilization fund, and they would have paid more, instead of less, in taxes. Thus, the benefits of co-operative pricing are many.

Some people have called what we have advocated a cartel, but we suggest that this kind of arrangement is necessary in the interests of the wheat producers. I would say that it is far better to have some arrangement that provides our producers with acceptable incomes, and consumers with assured supplies at reasonable prices, than to have a wholly uncertain situation in international wheat export markets.

I hope that the Senate will approve this motion. I believe that the committee has done, and will continue to do, useful work on this subject—work that will benefit Canada and Canadian farmers.

On motion of Senator Petten, debate adjourned.

## OLD AGE SECURITY ACT

### BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Old Age Security Act.

Bill read first time.

**The Hon. the Speaker:** When shall this bill be read a second time?

**Senator Petten** moved, with leave of the Senate, and notwithstanding rule 44(1)(*f*), that the bill be placed on the Orders of the Day for second reading on Monday next, November 20.

Motion agreed to.

The Senate adjourned until Monday, November 20, at 8 p.m.

# THE SENATE

**Monday, November 20, 1978**

The Senate met at 4 p.m., the Speaker in the Chair.

Prayers.

## THE SENATE

### QUESTION OF PRIVILEGE

**Senator Flynn:** Honourable senators, I do not know whether I should be the one to do so or whether it should be someone on the other side, but I think it is our duty to raise a question of privilege affecting the Senate, which bears on our recall today at 4 o'clock rather than at 8 o'clock. The question of privilege relates to what was said in the House of Commons on Thursday last as a result of the Senate's not proceeding with consideration of Bill C-5. The bill came to us as we were about to adjourn. At that time it was given first reading, following which there was a motion that it be placed on the Orders of the Day for second reading today. But at 5 o'clock in the other place—

**Senator McIlraith:** At 4.52.

**Senator Flynn:** The honourable senator says 4.52. I was not here, so I do not know. Yes, perhaps it was indeed 4.52. At any rate, a point of order was raised by no one other than the honourable member for Winnipeg North Centre. Naturally, it is to be expected that if he has an occasion to criticize this house he will seize it.

In any case, speaking about this bill, he said:

> This bill was passed and sent to the other place this afternoon. However, my understanding is that although in the other place the bill was given first reading, Their Honours refused to proceed with it on second reading today. The result is that every day's delay means that seven more widows do not get—

He was then interrupted, but Mr. Knowles continued:

> Mr. Speaker, on my point of order I am asking if the government House leader will have consultation with Their Honours in the Senate to see if they cannot meet again today and deal with this matter.

Then Miss Bégin spoke as follows:

> Mr. Speaker, I also heard this Senate report about which I inquired. I would like to thank hon. members, particularly my colleagues on the opposition side, who would have liked to take part in the debate this afternoon but who, having already expressed their views, agreed to withhold their additional remarks so that we could pass this bill unanimously. This is a bill which will give senior citizens $300 million in 1979 but which means starting from today a possible loss of money each day for those who receive the spouse's allowance, and I would like to say that in this case the Senate does not help speed up the business of the House.

There was something said by Mr. Speaker, which I do not think I need quote, and then Mr. Baker suggested that he would agree to proceed very quickly with an amendment to make this bill applicable retroactively or to bring it into force at any time that would be decided. However, the worst was to come from none other than the Deputy Prime Minister and President of the Privy Council, and House leader in the other place, the Honourable Allan J. MacEachen, who said:

> Mr. Speaker, in reply to the suggestion made by the hon. member for Winnipeg North Centre (Mr. Knowles) I should say that when the House gave third reading to this bill, the Old Age Security Act amendment, we transmitted that information through the normal channels to the other place with the suggestion that, because of the needs that have been pointed out, particularly the benefits that would accrue to widows, action should be taken as quickly as possible and that we would attempt to arrange royal assent in order to provide that the bill be fully in effect before the end of the day.
>
> Like other hon. members I regret that the Senate did not take action on that bill and that it adjourned without dealing with it. There is no way I can have consultations with members of the other place.

That is rather surprising, because I have noted many occasions where there have been consultations. Mr. MacEachen continued:

> I would just ask my colleagues in the House of Commons if they do not think now that the proposals made by the Prime Minister (Mr. Trudeau) with respect to the Senate—

And then there were interruptions, some in favour of what the minister said and some against. My point of privilege is that that criticism of this place was unwarranted. I am quite sure that no one here knew that this bill would be passed so quickly that day. It had been hanging around in the other place since October 16. That was the date of the first reading. Debate on the bill commenced on October 26, 10 days later. According to Mr. Knowles, 70 widows would already have been losing their benefits. Debate resumed on November 16—another 10 days and, of course, another 70 widows denied the benefits of this bill.

**Senator Langlois:** Or widowers.

**Senator Flynn:** Or widowers. Mr. Knowles used the word "widows." I have not seen the bill.

**Senator Langlois:** It applies to both.

**Senator Flynn:** There is perhaps a question of equality there between men and women. Perhaps men are not favoured as much as women under this bill. We shall find that out. Anyway, Mr. Knowles mentioned only widows. It is more touching, of course.

My understanding—and I think it was the understanding of the Deputy Leader of the Government in the Senate—was that in the other place they would deal only with Bill C-7, the borrowing authority, on that day and that was the bill urgently required to be passed. Apparently, from what I have heard, Bill C-5 was called suddenly by the Honourable Monique Bégin.

There were a few minutes hesitation and then everyone said "Okay, pass it." We were not warned in advance, nor were we warned of the possible consequences, and I consider it totally unfair that we were subjected to the remarks in the other place that I have just quoted. Had we been told, we could have made the necessary arrangements.

It seems to me that the government is at fault in this respect because, first, we were not warned, and, secondly, when a bill such as this takes effect only on the date it receives royal assent, it puts pressure on both houses. The other place took over one month to deal with it, and they said the Senate should have approved it in two hours.

**Senator McIlraith:** In 52 minutes.

**Senator Flynn:** In 52 minutes, or thereabouts. Parliament, the House of Commons as well as the Senate, should not be subjected to this kind of pressure or, I should even say, blackmail. Moreover, I do not think that under the circumstances it was fair of the government, and particularly the house leader in the other place, to have made those remarks. I know very well that some people, since Bill C-60 was tabled, would like to find new arguments for precipitating the demise of the Senate; but as far as this situation is concerned I think that we have acted responsibly, and that the error, if there was one, was the government's, and, more precisely, that of the house leader in the other place.

• (1610)

**Senator Perrault:** Honourable senators, it is most important that the sequence of events and the facts be placed squarely on the record of this chamber.

I have listened with a great deal of interest to the remarks of the Honourable Leader of the Opposition with respect to what all honourable senators regard as a very regrettable incident last Thursday. The record shows that under every and all circumstances the Senate endeavours to co-operate constructively in assisting the passage of legislation in Parliament, especially when that legislation affects the welfare and lives of people in need. That has been the consistent record of the Senate down through the years, and certainly through the course of this Parliament.

I can only suggest that the sequence of events in the other place on Thursday was not anticipated or that there was a failure in communication, which cannot be attributed to anyone on this side.

[Senator Langlois.]

If we look at page 171 of Senate *Hansard* for November 9, 1978, we find that the Deputy Leader of the Government in the Senate made the following remarks:

> In addition to the two Senate bills already on the order paper for Tuesday, it is likely that there will be one and perhaps two bills introduced in the Senate next week. I have been informed—

And so we had in fact been informed.

> —that Bill C-5, to amend the Old Age Security Act, and Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973, are expected to pass in the Commons this week and come to the Senate. We should also have Bill C-7, the Borrowing Authority Act, 1978-79-80, early next week.

Such was the advice we received after consultation with the other place on the morning of November 9. May I say that there was a special desire on the part of many senators to expedite the passage of Bill C-5, a measure to help certain senior citizens of this country. The Commons, in its wisdom or otherwise, proceeded, however, to debate other measures and Bill C-5 did not come to us when expected. It may be inexplicable to certain senators that a bill that affects critically the lives and the welfare of at least seven more surviving spouses each and every day would be put aside and other measures debated. The members of the other place proceeded, nevertheless, to debate other measures, including unemployment insurance legislation, and did not proceed again with Bill C-5 until November 16.

• (1620)

On November 16—and this has been touched upon in part by the Leader of the Opposition—the Deputy Leader of the Government in this place, in his statement on the motion to adjourn the Senate to November 20, as reported at page 200 of *Hansard*, stated it was his information that Bill C-5 might pass on November 16. However, there was no guarantee that this would happen; there was no assurance that Bill C-5 could be brought to the Senate in time for any kind of meaningful action before the end of last week.

By the time the Senate was advised that the bill had been given third reading by the House of Commons, a motion that the Senate be adjourned from Thursday until 8 p.m. today, November 20, had been adopted by the Senate. By the time word had arrived from the other place, as honourable senators are aware, the decision taken by the Senate was to sit again at 8 o'clock Monday evening.

In addition, let me put on the record this chronology. Bill C-5, a bill that is going to affect the welfare of many senior citizens in Canada, was introduced on October 16. Ten days later, on October 26, the minister responsible for this measure—and I have the greatest respect for the honourable minister—in an eloquent speech in the other place, as reported at page 508 of Commons *Hansard*, emphasized "an urgency to which nobody can remain indifferent." On October 27 the bill was referred to the Standing Committee of the House of Commons on Health, Welfare and Social Affairs. The bill was

reported back unanimously from the committee without amendment on November 9. That is when it was assumed here that a bill of this "urgency" would have been sent over to the Senate as quickly as possible so that it could be debated and assented to. Unexpectedly and inexplicably, as I said earlier, third reading came seven days later—only on November 16. Yet on that date, representatives of all parties in the other place indicated their deep concern about bereaved spouses and their view that Parliament should act quickly to assist them. They urged that the legislation be speeded. Unfortunately, it was too late for us to act by the time the bill reached the Senate.

On being apprised of the events in the other place last Thursday, I communicated with my colleague, the government house leader in the other place, and discussed with him what I considered to be a rather serious misunderstanding of the Senate's position. I also reached the Leader of the Opposition in this house to discuss with him the earliest feasible time that the Senate could proceed to deal with Bill C-5. This is the reason we are here at 4 o'clock this afternoon.

Honourable senators, when the ability and the willingness of the Senate to deal with any measure, major or otherwise, that may come before Parliament is called into question, then, in my view, we speak as one in this chamber, regardless of our party affiliation. We are willing and we are prepared, if proper notice is given and we are advised in time.

The bill we have before us is not a complicated one. It is a very simple but important bill. I will not get into the debate on the bill itself, but it is the kind of short, but important bill that I feel Parliament should have been able to deal with far sooner than it has. It deserves support. I know that other honourable senators will want to speak on this matter. I regard it as a matter of great importance reflecting, as it does, on the integrity of this chamber.

**Senator Marshall:** Honourable senators, since I am replying to the sponsor of the bill on the increases in old age security payments, I must say that I am very angry at what has occurred, and I join in the expression of anger of my leader. I am angered because a mistaken impression has already gone out to the people of Canada. I would refer honourable senators to the Canadian Press story in the Halifax *Chronicle-Herald*, with the headline:

> MPs angered as Senate delays passage of aid for needy elderly.

There is one paragraph that shows the phoniness and the mistaken impression, which says:

> The legislation moved through all stages without debate as the opposition and government agreed that many widows need the extra help provided by it.

That gives the impression that the whole bill went through without debate.

Indeed, as was said by the government leader and by my own leader, it took a month to go through the other place, so the honourable member for Winnipeg North Centre makes a phony statement when he says:

> That fact is that more than 200 times a month, the situation arises where a spouse in the 60 to 65 year range loses the older spouse and loses the allowance.

They took a month. They made their phony political point, but they were not worried about the fact that 200 spouses would be denied that allowance, and they put blame on the Senate where no blame can be properly directly.

As a new member of this chamber, I resent the implication that I, who for ten years in the House of Commons supported the needs and welfare of senior citizens, have denied them this allowance. This impression is created by an article that has gone out to all the people of Canada.

I resent also the implication that this chamber is not just as concerned as the other place, if not more concerned, with the welfare of our senior citizens. That we are concerned has been written historically, as exemplified many times by the committee work carried on under Senator Croll on poverty, aging and retirement, and other exemplary work carried out by the committees of this house.

It is unfortunate that the Deputy Prime Minister should indicate his regret, when the other place was warned by the Minister of National Health and Welfare, when she first introduced the bill, of the danger that if the bill did not go through quickly, many people would lose the spouse's allowance. Indeed, I called the Administration Branch of the Department of National Health and Welfare, and found there is no emergency with regard to the $20 increase per household. The deadline for it is December 15. Indeed, as the opposition house leader in the other place said, if passage of the bill took an extra little while, it could be made retroactive. Nobody is losing anything, although they mistakenly try to put blame on the Senate.

It is a ridiculous situation, and it is no wonder that the people of Canada are losing faith in politicians. It is a lack of courtesy; it is unfair; and it is a lack of esprit de corps. I hope that the honourable leader will be able to impress that on the other place, and will indicate by press release or other means that this ridiculous situation, which should not have happened, will not happen again.

● (1630)

**Senator Olson:** Honourable senators, I would like to raise one other point with respect to this question of privilege, but before I do I want to express my agreement with the remarks made by the Leader of the Opposition and the Leader of the Government in this house. I can say that I was more than a little disturbed by the allegations that were made in the House of Commons, especially when I examined—and it did not take many minutes—the sequence of events being talked about.

The first point is that the government house leader, according to page 1197 of *Hansard* of Thursday, November 16, 1978 said:

> There is no way I can have consultations with members of the other place.

Honourable senators know that he may be technically correct in that there is no mechanism by which he can have consulta-

tions with the members of this chamber, but surely there is a mechanism in place by which he can send messages to the leader of this house. It constitutes at least some measure of consultation if they at least advise him what they are planning to do, especially when faced with a situation such as this one, where there is unanimous agreement by all parties in the other place that on November 16 they will expedite passage of this bill. There is no need to go back to when it was debated on October 26, to the committee proceedings on October 27, and so on. At least, on November 16 it was apparently decided, after consultation with the leaders of the parties in the House of Commons, to give quick passage to this bill. That is evident from page 1188 of Commons *Hansard*, where the member for Winnipeg North Centre raises it.

At page 1189, the house leader of the House of Commons, the Deputy Prime Minister, says, "I would be prepared to call Bill C-5 as the first item today if I had some understanding that it would be passed without debate . . ." Then he goes on to explain that he would not call it as the first item unless there was agreement it would be passed without debate. There was the other bill, the borrowing authority bill, Bill C-7, that had higher priority up to that point in time because there was a time limit on its passage.

At page 1190, less than 10 minutes later perhaps, there is this:

> MR. SPEAKER: Do I understand it is the disposition of the House that Bill C-5 be called now, on the understanding that it will be dealt with, without debate?
>
> SOME HON. MEMBERS: Agreed.

The Minister of National Health and Welfare then moved that the bill, as reported without amendment, be concurred in, and the bill passed through all the remaining stages in the other place.

I do not know when the bill got over here, but I assume that it was introduced in this house for first reading as soon as it was received. I am not quite sure of the channel by which the other place sends a formal message to this house, but no doubt that takes a few minutes. Looking at the times noted in both our record and the record of the House of Commons, not very much time lapsed between the time the bill passed all stages in the other place and the time it was introduced here.

I put these views forth in support of the remarks made by the two leaders in the Senate. The criticism of this house that was voiced in the other place at, as was pointed out, 4.52 p.m. on Thursday last was certainly unfair criticism. But what I find to be the most severe criticism, if not damaging, is the statement by the government house leader in the other place that he has no means of communication with the Senate. I do not accept that, but if it is true, then something ought to be done about it. If no channels of communication exist between the other place and the Senate to facilitate co-operation in the passage of a given bill, then surely such channels ought to be established. Given that the government house leader made such a categorical statement that he has no means of communication, surely we have to set up that mechanism.

[Senator Olson.]

Criticism of this place should be open to anyone, including members of the other place, but such criticisms ought to be based on fact and fairness. When I look at the facts and the sequence of events that took place in this case. I find criticisms to be neither factual nor fair.

I would hope that the government leader in the Senate will give us some indication of what kind of communications mechanism is in place now to inform the Senate of when these things are going to take place. It may be that this was one of those unusual instances when it was decided at the very last minute to give this bill speedy passage, and if that is the case, then certainly any complaint that the Senate did not move is unfounded. If they simply did not advise anyone in this house that they had made the decision to move quickly on this measure, the criticism is even more unfair.

I have had enough experience in the other house, as have a number of honourable senators, to know how difficult it is to get the agreement of all of the parties to pass a bill through more than one stage without debate and, indeed, to move it through more than one stage on the same day. It is certainly not something that happens in five minutes. There must have been discussions going on at least earlier in the day, and I believe—I was going to say "I suspect"—I believe that there were discussions going on even before Thursday in relation to the fact that they might come to the point where they would pass this bill through all remaining stages on the same day. Given those facts, I think it is most unfair to make the kind of criticisms of this place that were made on Thursday last.

Perhaps the Leader of the Government could inform the Senate as to what channels of communication are now in place. If it is a case of inadequate means of communication, then surely we ought to take steps to improve the situation.

**Senator Perrault:** Honourable senators, there has never been any difficulty whatsoever in the area of communications between the other place and the Senate—never at any time. Contact was made at 11.45 on Thursday morning with the office of the government house leader in the other place with respect to the order of business in that place for Thursday afternoon. The house leader's office was advised that the Senate required this information in order to determine the time and date of its next sitting. Had the Senate been advised that negotiations were going on with a hope of achieving unanimous agreement in the other place to pass Bill C-5 on Thursday afternoon, then certainly the Senate would have remained and endeavoured to get an agreement to proceed with the bill on Thursday and, if necessary, on Friday, or as long as required, in order to assist the bereaved senior citizens of this country.

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

**Senator Perrault:** I do not wish to place any kind of construction on the incomplete remarks by the government house leader in the other place, which remarks appear in Commons *Hansard* of Thursday, November 16. I can say, however, that there has never been any difficulty with respect to communications between the two houses. Indeed, we have

had a good and continuing communication on a daily basis with the office of the government house leader in the other place, and the proposed business of the Commons and of the Senate is discussed and reviewed regularly.

**Senator Olson:** Honourable senators, I wonder if I might put two more questions to the government leader. I believe he said that his office had communicated with the office of the government house leader at 11.45 a.m. I am wondering whether he was advised at that time that this bill was to be sent to the Senate later that day.

**Senator Perrault:** No, there was no such information, and there was no call-back until late in the afternoon on Thursday, and that was at a time when the decision to adjourn had already been taken. Indeed, by the time the bill arrived in the Senate, the adjournment motion had already been put.

**Senator Olson:** Did the Minister of National Health and Welfare indicate to the government leader in this house at any time on Thursday, and particularly up until 3 o'clock in the afternoon, that she had agreement for expeditious passage of this bill?

**Senator Perrault:** No information of any kind was received with respect to the idea of an all-party agreement.

Before taking my seat, may I say that it has always been a simple matter for me to communicate with any of my colleagues by simply picking up the telephone and sharing with them important matters which may arise from time to time.

**Senator Grosart:** Honourable senators, I think we are all being much too polite about this situation. Here in the Senate we are used to being on the receiving end of criticism. We do not very often hand it out. But I think this is an occasion on which we should. It seems to me that the facts that have been disclosed in this discussion on the question of privilege raised by Senator Flynn indicate that statements have been made that are not true; that statements were made by ministers in the other place that are untrue. For example, I quote: "There is no way I can have consultations with members of the other place." This is a statement made by the government house leader in the other place, the Deputy Prime Minister, and I am told here today that that is untrue. The Leader of the Government in the Senate—and I have no hesitation in completely accepting what he has said—has said that is not so. The statement is obviously untrue.

The minister who made the statement sits in the same cabinet with the Leader of the Government in the Senate, and if the Leader of the Government in the Senate is not in that cabinet to be available for consultation, what is he there for? The statement is untrue, and let's say so.

And it has spawned another untrue statement, this one by the Canadian Press. The Canadian Press is not just one reporter; it is not just some reporter who is uninformed about parliamentary procedure and what happens in the House of Commons and in the Senate. This is supposed to be a responsible agency which has the major, if not almost the total, responsibility of communicating to the public of Canada what happens in Parliament. Yet here they are again with blatant mistakes. This is a long way from the first time that the Canadian Press has been stupid, ignorant and wrong. I would hope that we would call this to the attention of Canadian Press.

• (1640)

**Senator Croll:** Nothing worse than that, I hope.

**Senator Grosart:** I would hope that we would call to the attention of Canadian Press officials this kind of statement referred to: "The legislation moved through all stages without debate as the opposition and government agreed that many widows need the extra help provided for them."

Well, it has been made quite clear that it did not pass through all stages quickly. It took over a month. Surely it is time that we took the initiative, if nobody else will, of talking to those who are responsible for the dissemination of news through Canadian Press that the time has come for them to have competent reporters and particularly competent editors.

This material often comes in—and I take it that this is what happened in this case—from a mere perusal of the *Hansard* of the other place and to some extent our *Hansard*. No doubt there were Canadian Press reporters there, or they may have picked it up, as they often do, from other papers.

I think we have the responsibility now to call to the attention of Canadian Press the irresponsibility of this kind of reporting. If anybody interested in Canadian Press wishes to come and discuss some other examples, some blatant examples, not just referring to the Senate but blatant examples of ignorant and incompetent reporting of the affairs of the Parliament of Canada, I will be glad to co-operate and to give him some examples that I have in my files.

I referred to the leader of the house. Well, what about the departmental minister? The minister has said that the Senate does not help speed up the business of this house, referring to this specific case. The minister is suggesting that perhaps, as the Leader of the Government here has suggested, it was a failure of communication. It was more than that. It was a failure of consideration for these widows and spouses, whoever they are, who may be affected. It was a failure of consideration on the part of the minister, because surely it was up to the minister, if she was this concerned about the speedy passage of this bill, to take the trouble to communicate with the leader or his representative here and say, "This is coming up. Will you help speed it up?"

I would conclude by saying that if the House of Commons, if the minister—any minister, the Prime Minister, the deputy minister—wants assurance that, when the government has a bill for which a good case can be made for speedy passage here, it will receive it. All the government has to do is look first of all at the record achieved by the present Leader of the Government in this place and the complaints that have been made on our side about his pushing us too hard in this respect. The leadership of the government in this Senate cannot be accused of not pushing us hard enough to get bills through.

**Senator Croll:** Honourable senators, as a senior citizen I protest here. Actually, I think I would have done exactly what

the minister did; it has been done dozens of times. Those of us who served in the House of Commons know that every now and then a bill waits its turn until word is received from the other side, "All right. We are ready to let that bill go through today," and it goes through. That is what happens. That is fine. It is a nice easy way of doing it and it avoids needless time.

But let's tell the people what really happened here. For seven days this bill was on the table of the Minister of National Health and Welfare and was not moved; then in one day it was brought up, and because we could not pass it that same particular day all the blame is put on us—or at least that is what they are attempting to do. And yet, as I say, for seven days, from the 9th to the 16th, that bill was on the minister's table, or it was on the government leader's table, waiting to be introduced in the house. But it was not. Then when it is finally introduced and they want it passed in one day, they immediately are looking for a scapegoat.

Well, that is what the public ought to know. The public ought to know that they are seven times as guilty as they suggest we are. As a matter of fact, it was just unfortunate.

But when you talk about lack of communication, the honourable gentleman (Senator Olson) has been in Parliament long enough to know that, with respect to lines of communication, they have worn out the corridor here and the telephone line finding things out. Every time you ask something of the leader he says, "Wait until I find out from the house what they are going to do about this." So the communication has always been there. It was there in your day when you were a member there, and it was there in my day when I was. So there is no difficulty about that.

But I must say that I am really a little surprised that the Minister of National Health and Welfare would make those remarks. Mind you, she is a junior and perhaps the words just slipped out of her mouth. But for MacEachen to say what he did does not go down well, because he is a senior, and he is only using it for the purpose of saying, "Yes, the government are right in attempting to abolish the Senate" or "change the name of the Senate", or "disguise the Senate as something else" or whatever they have in mind—at least they have forgotten about that for the time being. But to use this situation for that purpose is not the action of the MacEachen I used to know. Even so, I respect him very much.

I think the simple thing to do is leave it in the minds of the public that for seven days the government did nothing at all about this bill and then immediately attempted to rush it and get it through the Senate. So what took them from October 16 to November 16, a month, they expected us to pass in one day, without even giving us notice that we should pass it.

**An Hon. Senator:** Two hours!

**Senator Croll:** Or two hours, as you say. Well, we cannot be that efficient.

**Senator Olson:** It is really more serious than that. Actually, if we had had one day's notice, I think we could have done it.

[Senator Croll.]

But, at page 1197 of *Hansard* in the other place, Mr. Knowles says this:

> This bill was passed and sent to the other place this afternoon. However, my understanding is that although in the other place the bill was given first reading, Their Honours refused to proceed with it on second reading today.

Now, that is pretty serious, because they say we refused. We never even had a chance. We were never asked to move it to second reading.

**Senator Langlois:** If I may be allowed to answer the last remark, when Mr. Knowles made that statement in the house we had already passed in this house a motion to adjourn to Monday evening at 8 o'clock. So there was nothing we could do at that time. As the leader mentioned earlier this afternoon, some of us were already on the way home when Mr. Knowles stood up in the House of Commons and made that statement.

## BORROWING AUTHORITY BILL, 1978-79

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act.

Bill read first time.

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

**Senator Perrault** moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

● (1650)

## DOCUMENTS TABLED

**Senator Perrault** tabled:

> Budget Papers, dated November 16, 1978, being Notices of Ways and Means Motions (1) to amend the Income Tax Act, (2) to amend the Income Tax Application Rules, 1971, (3) to amend the Excise Tax Act, together with supplementary information on the Budget; and related documents issued by the Minister of Finance, as follows:
>
> "The Tax Systems of Canada and the United States";
>
> "Integration of Social Program Payments into the Income Tax System"; and
>
> Projections of the government's revenues and expenditures for 1978-79 and 1979-80, together with explanatory notes.
>
> Public Accounts of Canada, Volume II, for the fiscal year ended March 31, 1978, pursuant to section 55(1) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### FIRST REPORT OF COMMITTEE PRESENTED

**Senator Lafond,** for Senator Forsey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Thursday, November 16, 1978

The Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments presents its first report, as follows:

Your committee recommends that its quorum be fixed at seven (7) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings and receive evidence so long as four (4) members are present, provided that both Houses are represented;

That the committee have power to engage the services of such expert staff and such stenographic and clerical staff as may be required; and

Your committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

Respectfully submitted,

Eugene A. Forsey
*Joint Chairman*

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

**Senator Lafond:** Honourable senators, this routine report, and the second report of the committee, which I shall be presenting on behalf of Senator Forsey, is required in order that the committee can commence functioning on Thursday. I would therefore move that consideration be given at the next sitting.

Motion agreed to.

### SECOND REPORT OF COMMITTEE PRESENTED

**Senator Lafond,** for Senator Forsey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Thursday, November 16, 1978

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Second Report as follows:

Your committee submits again the criteria it will use for the review and scrutiny of statutory instruments:

Whether any regulation or other statutory instrument within its terms of reference, in the judgment of the committee:

(1) (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law, or

(b) does not clearly state therein the precise authority for the making of the instrument;

(2) has not complied with the provisions of the Statutory Instruments Act with respect to transmittal, recording, numbering or publication;

(3) (a) has not complied with any tabling provision or other condition set forth in the enabling statute;

(b) does not clearly state therein the time and manner of compliance with any such condition;

(4) makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

(5) trespasses unduly on the rights and liberties of the subject;

(6) (a) tends directly or indirectly to exclude the jurisdiction of the courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

(7) purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

(8) appears for any reason to infringe the rule of law or the rule of natural justice;

(9) provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

(10) in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

(11) without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

(12) imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

(13) is not in conformity with the Canadian Bill of Rights;

(14) is unclear in its meaning or otherwise defective in its drafting;

(15) for any other reason requires elucidation as to its form or purport.

Respectfully submitted,

Eugene A. Forsey
*Joint Chairman*

**The Hon. the Speaker:** When shall this report be taken into consideration?

**Senator Lafond** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## NATIONAL REVENUE

### CHARITABLE INSTITUTIONS—QUESTION

**Senator Olson:** Honourable senators, I should like to address a question to the Minister of National Revenue. Has any progress been made to enable us to obtain information on charitable institutions, especially those charitable institutions that receive special consideration for tax deduction purposes?

**Senator Guay:** Honourable senators, a similar question was asked in the other place this afternoon. As many honourable senators are aware, Mr. Chrétien mentioned in his budget that the list of charitable organizations should be made public. We would then be in a position to provide the information required.

As honourable senators are probably aware, we could not do that in the past because of section 241 covering secrecy in the Income Tax Act; but I believe that what was contained in the budget would allow us to provide the desired list.

## FOREIGN AFFAIRS

### SAFETY OF CANADIAN WORKERS IN IRAN—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have some replies to questions asked recently.

On November 16 Senator Marshall expressed concern regarding persons from Newfoundland who recently went to Iran to work in the pulp and paper industry.

Almost all Canadians who are employed on pulp and paper projects in Iran are located in the Caspian region. Our embassy in Tehran has had no reports of any Canadians there having been involved in any incidents threatening their safety.

Both major Canadian employers and the government are developing contingency plans to safeguard Canadians in the event of there being adverse future developments.

[Senator Lafond.]

## LABOUR

### NUMBER OF STRIKES—QUESTION ANSWERED

**Senator Perrault:** On November 16 Senator Grosart asked, as a supplementary question, if the government would provide the Senate with the latest comparative figures of the OECD and the International Labour Office. It was a supplementary to the Acting Leader of the Government's reply to Senator Walker's question on strikes in industrialized countries.

I should like to provide the house with some statistics on the number of disputes, the number of workers involved in disputes, and workers involved in disputes as a per cent of paid workers in 12 major OECD countries from 1970 to 1976. In so doing, it should be pointed out that these statistics indicate that in terms of the number of work stoppages and the number of workers involved in work stoppages in relation to paid workers, Canada ranks seventh in comparison with the 11 other major industrialized countries for most of this period. Although a relatively greater number of workers were affected by disputes in Canada in 1976, it is worth reiterating remarks made on behalf of the government last Thursday regarding the overall improvement in Canada's strike record. The evidence indicates that the number of disputes in 1977 dropped 23 per cent, and the number of workers involved dropped 86 per cent, and the number of workers involved relative to paid employees dropped to less than half of what it had been over the 1970 to 1976 period.

Honourable senators, there is a detailed table appended to this reply. With leave of the Senate, may I propose that it be printed in *Hansard*?

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For table see appendix, p. 233*)

## ENVIRONMENTAL AFFAIRS

### CLOSURE OF WEATHER STATIONS IN NEWFOUNDLAND AND REGINA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 24 Senator Steuart asked a question regarding the closure of weather stations in Newfoundland and Regina.

The decision to cancel the proposed cutback in the Gander weather office reflected the importance of accuracy and timeliness of weather information provided in support of our coastal and offshore fisheries, particularly as we move into a new era of offshore ocean management and development in Canada. This gives us an obligation and responsibility for an area of ocean never before managed in this way.

● (1700)

It is for this same reason that the Minister of the Environment and the President of the Treasury Board recently announced that the timetable for phasing out the Canadian weathership program in the Pacific Ocean has been extended to permit an alternate meteorological sensing and recording system to be put in place.

There is no plan to close the Regina weather office.

The Regina weather office is responsible for the preparation of forecasts for Saskatchewan, while the Winnipeg weather office is responsible for Manitoba and western Ontario.

What the government is proposing is to add Saskatchewan to the area of responsibility of the Winnipeg office, and to undertake the preparation of forecasts for Saskatchewan from Winnipeg. This proposed change will, we believe, in no way affect the services now provided to the people of Saskatchewan. Advances in technology—satellites, electronic data processing, automated high-speed communications—make it a scientifically sound move. It allows for greater efficiency in weather forecast operations and frees resources which are redirected to satisfy demands for new services.

The program of aviation forecasts will in no way be affected.

Full weather interpretation will continue to be provided at Regina.

A continuous watch over the weather elements will be maintained by both the Regina and the Winnipeg staffs so that timely forecast updates and warnings can be issued.

Finally, professional consultation with a meteorologist will still be available at the Prairie Hydrometeorological Centre in Regina, and at the Saskatoon weather office.

[*Later:*]

**Senator Marshall:** In the reply the Leader of the Government gave with regard to the closing of the weather stations, it appeared to me, if I grasped his answer properly, that there was a definitive expression that the Regina centre would not be closed, but on the other hand, in his reply with regard to the Gander office, he said that the closing of such an office would be extended. Does this mean that there will be an extension only until certain other incidents take place, or is there a definitive decision that the office will not be closed, in order to satisfy the need for weather information on the part of the fisheries in Newfoundland?

**Senator Perrault:** Honourable senators, the information which I have provided was given to the house verbatim, as received from the office of the minister, and I am not in a position to comment further. I do not have information beyond what was given to me. If Senator Marshall would like to develop a supplementary question, however, I shall certainly seek the information.

## FISHERIES

### PROPOSAL TO ESTABLISH SEPARATE DEPARTMENT OF FISHERIES AND OCEANS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 24, 1978, Senator Marshall asked a question concerning Bill C-65. His question was as follows:

> Honourable senators, I wonder if I could ask the Honourable the Leader of the Government in the Senate a question concerning Bill C-65, entitled the Government Organization Act, 1978, part I of which deals with the establishment of a separate department of fisheries and oceans. Could the honourable leader impress upon the Minister of Fisheries and the Environment the importance of establishing such a department, and can the leader obtain from the minister information as to the date that this legislation might be re-introduced in the present session?

I have been in contact with the office of the Minister of Fisheries and the Environment, and I can advise honourable senators that the government intends to re-introduce legislation dealing with the department of fisheries at an appropriate time this session.

**Senator Forsey:** And under an appropriate title, I hope.

**Senator Marshall:** I wonder if the Leader of the Government would indicate the reasons for the fact that there is a department now with signs exposed referring to the "Department of Fisheries and Oceans." Can that be done without legislation being passed? It is not that I object to it, but is there any reason for the indication that such a department is already in existence?

**Senator Perrault:** Honourable senators, I can only take the question as notice. The suggestion seems to be that the sign painting division is somewhat ahead of the parliamentary process.

**Senator Forsey:** Honourable senators, may I ask the Leader of the Government if he thinks that the sign painting division should take it upon itself to legislate in advance of Parliament? I rise on this particular point because I think it is a pity that this offensive name should be given publicity in this fashion before Parliament has decided on it. For the life of me I cannot see why the old name of this department, or a similar department, which existed from 1868 to 1926, should not be revived, namely, that of the Department of Marine and Fisheries. It covers the same domain, you might say, but it does not have this ridiculous, preposterous sound of laying claim to the seven seas and all the oceans of the planet.

I think it is a great pity, and I venture to suggest to the Leader of the Government that it is a great pity, that the sign painting department should get ahead of itself and ahead of Parliament in this way. It may find that it has to destroy a lot of signs, and paint new ones. This assumption that because the government has made up its mind about something, therefore Parliament will certainly pass it is, I think, a very dangerous one. I have not forgotten the behaviour of the government over the Temporary Wheat Reserves Act, at the time when I first came into this chamber.

**Senator Perrault:** Honourable senators, if these signs are blossoming forth across the country, I offer my personal opinion that it is wrong for any government sign painting division to anticipate the actions of Parliament.

## OLD AGE SECURITY ACT

### BILL TO AMEND—SECOND READING

**Hon. Stanley Haidasz** moved the second reading of Bill C-5, to amend the Old Age Security Act.

He said: Honourable senators, I am happy to be able to speak to Bill C-5, an act to amend the Old Age Security Act.

This bill, after first reading on October 16, 1978 in the House of Commons, finally received all-party approval in that house only last Thursday, November 16. Another example of improvements in social welfare legislation, Bill C-5, proposed by the Minister of National Health and Welfare, is of vital importance at this time, for reasons that members of this chamber are very much aware of.

The greatest statement this legislation makes is the expression to the older individuals of this country of our deep concern for their needs. Even in a time of economic restraint we are showing that we are aware of the plight of those older Canadians who are most affected by inflation. The increase in the guaranteed income supplement tells our senior citizens in no uncertain terms that there is a real commitment to their needs, and that proposals to fight inflation on the backs of those on fixed incomes will not see the light of day in the Parliament of Canada. If cutbacks are to be made, or improvements deferred, they will be made elsewhere.

Before I go any further on this particular bill I would like to put this whole area of benefits for older Canadians in perspective. In the early forties, as you will recall, assistance for the elderly consisted of the Old Age Pension Act, providing up to $20 per month at the age of 70 to long-term Canadian residents, subject to a means test, and on the basis of federal-provincial cost-sharing. The benefit was increased to $25 in 1943, to $30 in 1947 and to $40 in 1949. The big change came in 1951 when the current universal Old Age Security Act was introduced to provide $40 a month as a matter of right to persons in Canada who met the residence requirements. The improvement in benefits continued steadily over the years, but even as recently as 1966 the benefit available to senior Canadians was only $75 a month at the age of 70.

● (1710)

Happily, over the last 12 years, the picture has improved considerably. In 1966 the Canada Pension Plan was introduced providing retirement benefits for wage and salary earners. The guaranteed income supplement was introduced in 1967, and was very quickly made permanent to ensure a basic living standard for all needy Canadians.

As of October 1978, the basic old age security pension stands at $164.74 per month, and the maximum guaranteed income supplement is $115.55 per month for a single person or $102.61 for each spouse of a married couple. This assures a single person an income of $280.29 at age 65, while a married couple with one spouse over 65 and the other over 60 has access to a monthly income of up to $534.70 under the Old Age Security Act.

To qualify for the guaranteed income supplement, single, widowed or divorced pensioners must have an annual income under $2,784. Married pensioners, whose annual income is less than $4,944, will also qualify. A married couple with a single pension will be eligible if the income does not exceed $7,544.87.



Although progress in this type of social legislation has been impressive in Canada, there is still room for the type of improvements made by Bill C-5.

What exactly does this bill do? First of all, it increases the level of guaranteed income supplement benefits available. This supplement, as you know, is the income-tested benefit available to old age security pensioners with little or no other income.

Approximately 60 per cent of old age security pensioners in this country rely to a greater or lesser extent on the guaranteed income supplement for their income needs. The proposed increase of $20 per month per household provided in this bill will take place automatically in January 1979 for everyone now receiving all or even just a part of the maximum guaranteed income supplement. Furthermore, some 100,000 people who previously had slightly too much income to qualify for the supplement will now be able to receive some additional monthly income as a result of these amendments.

How much is the increase in the supplement? Every household now receiving a guaranteed income supplement, full or partial, will receive an additional $20 each and every month. That is, where there is only one person receiving the GIS, that person's cheque will be $20 higher per month. Where both spouses of a marriage are receiving the GIS, each one will receive an extra $10 for a total of $20. Not only that but the amount of the increase will be indexed in the regular way every calendar quarter to ensure that purchasing power is maintained.

Honourable senators will note that a relatively larger increase in benefits is being given to single pensioners than to married couples. This is a deliberate move to continue the efforts begun in 1970 to provide both single and married pensioners with sufficient income to meet their basic needs. With this increase, even if they have no income aside from the old age pension and the GIS, a pensioner couple will finally reach the Statistics Canada poverty line which, at the present time, is $4,212 per year for a single person, and $6,107 per year for a couple.

Unfortunately, we cannot yet say the same for single pensioners. It is generally agreed that a single person cannot meet basic expenses on half the income of a couple. In fact, a single person needs about 60 per cent of a couple's income to get by. Even with this increase weighted in favour of the single pensioner—and so many of our pensioners are single—the benefits available to a person alone will be only 54 per cent of those available to a couple. Still, this does represent 80 per cent of the poverty income level, and is a positive step towards reaching the goal of real income security for those in need.

Let us not get too caught up in the GIS increase because this is only the first of the two improvements brought about by this bill.

The second part of Bill C-5 is the extension of spouse's allowance for six months in the event of the death of the other OAS pensioner spouse. The spouse's allowance program provides an income-tested benefit to the 60 to 65-year-old spouse

of an OAS pensioner. It was introduced to relieve the problems faced by couples already connected to the OAS program but who are finding it difficult to make do on a single pension.

This new provision will affect only a fraction of the number of people touched by the first proposal. Some 200 allowance recipients are currently removed from the benefit lists every month as a result of the death of their pensioner spouses.

In terms of importance to the individual, however, this amendment will provide much needed transitional support and security. Up till now, because of the nature of the spouse's allowance program which was to relieve only the specific difficulties faced by an older couple having to live on one pension and supplement, when the OAS pensioner died, the survivor, usually a widow, turned to other welfare programs for alternative ways of meeting her financial needs. The problem which arose as a result of the loss of the spouse's allowance was immediate and occurred at a time of severe emotional stress. Therefore, it was very hard on the widowed spouse to make the necessary financial arrangements.

This provision will provide a six-months' benefit extension—a transitional period or a bridge, if you will—during which the spouse can apply for and receive a Canada Pension Plan benefit, settle her estate, claim insurance income or possibly even sell a house and move into other accommodation. It will also provide an opportunity to make application for federally cost-shared provincial welfare programs. For some, a six-months' extension will take them right up to their sixty-fifth birthday and access to old age security benefits in their own right.

The amount of the allowance will remain basically unchanged during this six-months' extension except that it will be increased each quarter to compensate for rises in the Consumer Price Index. There will be no need to make special application for the extension. It will be paid automatically.

One final point: Because the amount of a spouse's allowance is tied to the amount of the guaranteed income supplement, all recipients of spouse's allowance and their OAS pensioner spouses will receive the additional $10 per month beginning on January 1, 1979.

On the question of effective date, it is vital for us to remember that although the increase in GIS would come into effect on January 1, 1979, the spouse's allowance extension will apply to anyone widowed immediately after the bill receives royal assent. We must remember that there is no retroactivity clause in this bill.

● (1720)

As I said previously, some 200 allowance recipients are widowed each month. This means that every day approximately seven people face the loss of this benefit, and each extra day this bill is discussed results in the irrevocable loss of the benefit extension for these people.

Honourable senators, this description of the legislation has been brief, but I feel it captures the essence of the provisions. As responsible legislators, however, we all know that any bill of this type has effects that are not apparent from reading the legislation itself.

What of the cost of these amendments and the effect on the economy? The GIS increase will cost approximately $290 million in the fiscal year 1979-80. This may seem like a lot of money, and indeed it is. But we must remember that this money will be distributed directly into the hands of some 1.3 million individuals. Not only that, but these are people very much in need of this money, people who will use the money to purchase more in the way of basic consumer goods. This is not a lost expenditure. This money will be helping producers and retailers and giving the economy of this country some of the stimulation it needs these days.

The cost of the spouses' allowance is far less intimidating. The additional six months of benefits will cost about $1.6 million in 1979 and $2.4 million in 1980.

May I add at this time, honourable senators, that the matter of pensions and a possible flexible retirement age in the future is now being thoroughly studied by a special committee of this house under the chairmanship of our distinguished colleague, Senator Croll. Furthermore, a Special Bureau of the Problems for the Aged has already been established in the Department of National Health and Welfare.

I would also add that the Minister of National Health and Welfare is at this time in Toronto meeting with her welfare colleagues from all the provinces, hoping that she will be able to get their co-operation in passing this increase on to the pensioner—that is, that no corresponding reduction will be made in the provincial supplements.

Honourable senators, I am convinced that these measures, and specifically the provisions of Bill C-5, are worthwhile improvements. In the weeks to come we will be seeing other parts of an entire package of proposals to realign social programs in Canada in order to provide more money where it is most needed. It is encouraging to see this kind of co-ordinated approach being taken to the development of social policy in Canada, and I urge all honourable senators to assist this process and, in particular, to give full support to and passage of this bill as soon as possible.

**Hon. Jack Marshall:** Honourable senators, in replying to my colleague, the honourable sponsor of Bill C-5, to amend the Old Age Security Act, I must say it is perfectly obvious that no one can quarrel with the two main provisions of the bill, but I do so with some qualification.

The first provision mentioned by Senator Haidasz is that there will be an increase of $20 per household, which is designed, as he explained, to cushion the effects of the rapid increases in the cost of living. The second provision, however, has got to be one that gives us cause for concern and wonderment. The reasoning by which they come up with the spouses' allowance regulations in the first place is baffling to me. I am referring to the spouse's allowance, whereby the spouse of an old age security recipient could qualify for benefits at age 60 if the other spouse were 65, which was a welcome amendment to the Old Age Security Act when it was introduced. For some

strange reason, the drafters of the bill were not aware of the implications, whereby when the qualifying recipients dies, say at age 66 or 67, and the spouse is in the age bracket between 60 and 65, she or he would be cut off from the spouse's allowance and, left with no continuing support other than dependence on the welfare rolls of the province in which he or she resides.

Now, under Bill C-5, thankfully there is a partial recogniton of that inequity, by allowing those spouses to adjust their future by granting a continuance of the old age security pension for six months.

That, too, honourable senators, is difficult for me to reconcile. The minister, in the first provision, grants an extra $20 per household with the justification, and the correct justification, that the cost of living of a single person is more than just half that of a couple. That is fine; I agree.

Then the next words of the minister are pertinent. She said that the cost of living of a single person is approximately two-thirds of that of a couple—and indeed provides for an increase of $20—and then contradicts that fact by ensuring that after six months of readjustment, the pensioner can revert to the welfare rolls. The minister went on to say that there is no way a single recipient can live as cheaply as two can live. I agree. Yet she can justify the limitation of the spouse's allowance to six months, and to allow them, without any consideration, to fall back into the single category of a widow or widower who has to face the shock of a reduction in her or his allowance after the expiration of those six months.

The minister also supports the justification for an increase to one pensioner of $20 per month in a household because again, as she correctly points out, a widow, for example, living in a one-bedroom apartment faces the same basic monthly cost of the telephone and hydro, but she does not mention such items as drugs, glasses or other needs, which are pertinent.

At the present moment, two old age security recipients, thank God, are in receipt of a maximum of $534.70 a month, and on january 1, 1979, this will be increased by $20 and be indexed quarterly. If both are over 65 and one unfortunately dies, the one remaining is still entitled to $280.29 and, living in a household, he or she also qualifies for the $20 increase. Yet, honourable senators, in taking the example of one over 65 and the other over 64, who together are entitled to the same $534.70, if the spouse over 65 dies the remaining spouse, after the period of six months, not only loses the $20 cushion that the minister says they need together or separately, but loses also most of the $280.29 and has still to fall back on the mercy of the provincial government for welfare.

Honourable senators, I don't know what the figures are in all the provinces, but I do know that in Newfoundland a widow living in her own home is entitled to only $201. I can only repeat that the minister contradicts herself with inconsistencies when, on the one hand, she says that one old age security recipient widow needs $300.29, but a widow who is 64½ years of age, for example, requires almost $100 less, and on the other hand, she says that a single person requires two-thirds of a couple's income. That particular widow has to wish away her life by looking forward to the day she is 65 years of age.

[Senator Marshall.]

• (1730)

The other inconsistency which raises its ugly head is the fact that this bill is not consistent with other legislation of the Government of Canada. I would like to recommend to the Minister of National Health and Welfare that she look at the legislation that affects veterans. Under the War Veterans Allowance Act, a married couple receives $534.29, and the war veterans allowance recipient is a person who has aged prematurely by serving in war. On the death of one of the recipients, the other continues to get the married rate of over $500 for a year. After the year, the single recipient, the spouse, regardless of age, continues to receive the single rate for the rest of his or her life. So, it is very difficult to understand these inconsistencies that appear, and yet the minister can justify allowing, after only six months, the spouse to live on a greatly reduced pension.

At the same time I agree that we have to take these things step by step, and I understand that the cost, if they were to allow the spouse of an old age security pensioner to continue to receive the benefits, would be $630 million. As we used to say in the Veterans Affairs Committee, "We will accept anything that is good, and we will fight the battle for more another day."

I can understand as well the reasoning of the minister when she indicates that if the pension to a widow of an old age pension recipient were allowed to continue, it would be contrary to what is allowed to other single citizens aged 60 to 65. I can only say that I was hoping she would introduce something along the lines recommended by her predecessor, namely, that all those between the ages of 55 and 64, and in receipt of the guaranteed income supplement, should receive $90 a month to help with the cost of living and to cushion the effects of inflation and other things.

In any case, I can only repeat that we will accept whatever we can get for the old age pensioners, because they deserve it. I must commend the minister because she is certainly concerned. I have read all the speeches she has made across the country. I recognize that it is easy to criticize, and I also recognize the vast cost. I hope that the increases that we are going to see through this bill will be of benefit to those old age citizens who need it, and I can only recommend that we pass the bill as soon as possible so that the payments can be made.

As was said earlier this afternoon, it is unfortunate that there was not more co-operation to show the concern of all members of Parliament, in both this chamber and the other house, for our old age citizens and their spouses. This bill must be passed as quickly as possible so that they can receive these badly needed benefits.

**Hon. David A. Croll:** Honourable senators, I cannot resist the temptation to speak. I have left all my notes upstairs, so you are safe.

**Senator Flynn:** You don't need them.

**Senator Croll:** This bill is progress. It's timely; it's necessary and it's welcome. That is about all you can say about the bill and there is no more that needs to be said. Some will say that the amount of money is not fair. It never was—it was never enough for both sides of the house, anyway.

When you talk of old age security and old age pension, I am an original. In 1925, when I came out of school to practise law, the Senate of that day rejected a pension bill that had been passed by the House of Commons—$20 a month at 70 years of age, with a means test. I was something of a rebel in those days. I went out immediately and participated in the election of 1930, and the government was re-elected.

**Senator Flynn:** You are mixed up.

**Senator Croll:** The old age pension bill was then brought before the Senate, and the Senate, in its wisdom, passed it.

Not only did the old people benefit from it, but so did persons who were secretaries of political organizations. I remember that I was secretary of the Liberal association in the riding, and I had to take care of the organization and provide the speakers. On many occasions the word came back that Joe Smith could not make a speaking engagement at such and such a place. I would try to get somebody else, and if I could not find anybody I went and made the speech myself. I did that so often that I became well known, and two years later I was elected mayor of Windsor. That was my start in office. It benefited me.

We went along with advocating more money in those days because money was the most important thing. A rather interesting thing that is not generally known is that for seven years after the old age pension legislation was passed Quebec would not accept it. When I first heard about it, I said, "What are they talking about?" They said it was the duty of the family to look after the old, and not the duty of the state. If not appreciated, it was an admirable approach.

**Senator Flynn:** Now it is the duty only of the state.

**Senator Croll:** I remember that when Duplessis agreed to accept the old age pension, he wanted retroactive payments made for the time the act was ignored. I don't think he got them. We went along and, of course, tried our best to improve the legislation, but the atmosphere was not there. I don't remember the amount, but I think it went to $65.

After the war half the members of the House of Commons were veterans. We drew up a veterans' charter that was the best anywhere in terms of its benefits and the commitments it made to veterans. We did this for the veterans, keeping in mind what we did not do for the veterans of World War I—and I will come back to that.

● (1740)

Then in 1952 the pressure was on, and the government agreed to appoint a committee. It was a joint committee chaired by Jean Lesage. The committee, in turn, appointed a subcommittee, of which I was a member. The question with which we were faced at that time was whether we should go along with what the Americans were doing and establish a social security system, or whether we should establish the old age security pension and add to it at a later date.

The pension at the time was $40 a month, and we as a committee wanted that increased to $50. In addition, we wanted universality. The St. Laurent government took the position that they would agree to universality and a pension of $40 a month if we had unanimous agreement of the committee, and to that end we had to win over the CCF and Conservative members of the committee. The subcommittee came back and agreed to accept that. We wanted a pension of $50 a month, but we agreed to accept a pension of $40 a month with universality.

The gross national product at that time was $25 billion a year, and we were told that as the gross national product increased, the pension would increase. Well, it has not quite worked out that way. The gross national product at this particular time is $235 billion, and all we are getting is $167, which is a little more than four times $40, as against nine times $40. Nevertheless, that was the purpose and the objective.

The fact that the pension was payable as of right represented great progress—but we had trouble selling it to our senior citizens. I can recall my father saying to me that he had not brought four boys into this world to have them put him on welfare. He refused to take the pension, as did thousands of others across the country. In an effort to get the people to accept the pension, we got Mr. St. Laurent to make a public statement saying that he was accepting it; that it was right to do so. That solved our problem.

As my friend Senator Marshall indicated, we continued to improve veterans' pensions. During this time there was pressure on us. This was a time when the two-family home was beginning to disappear. The children were moving to the suburbs. They were willing to be taxed in order to pay for these programs. The general view was, "We are not complaining about being taxed. Look after those old folks."

**Senator Flynn:** I never heard anything like that.

**Senator Croll:** We did tax them, but we were still not providing enough; there was need for more. Then we in this house appointed a Committee on Aging, which for three years studied the question of aging. Some who were members of that committee are still sitting in this house. That committee brought in some 90 recommendations, one of which was that the age for old age security be reduced progressively year by year, and that a supplement be paid. Many of the committee's recommendations were accepted. That, too, represented a matter of considerable progress. Through that committee, the people became aware that we were interested and concerned; that we understood their problems, and that we were not treating them as though they were orphans in a storm. Somebody took a special interest in these people, and they knew it. As a result, something good came of it. These people were able to continue on a scale that more adequately met their needs.

Then, of course, we continued with the study, the vehicle this time being the Special Senate Committee on Poverty. It, again, was a great contribution on the part of the Senate.

In all cases, the timing seemed to be just right. People were concerned. They were interested. Our study revealed that there were many people who were in need and did not admit it. These people got along the best they could. From that study we learned of the working poor—some 750,000 people in this country who were working for less money than they could have received on relief. This was at a time when we were hearing about the "bums on welfare"—and all because a small percentage abused the system. Those suffering the most were those in the 50 to 55 age group.

● (1750)

We found great poverty, particularly among women because they lived longer. When a widower remarried, he married a younger woman and she would live longer. These women did not have the experience that men had. They did not even get part of the pension plan. And their suffering is still evident at the present time, and is likely to continue unless we do something about it.

What this bill does is good, but let me just tell you what my own views are, because I think that perhaps we are making the same basic mistakes that we have already made in the past in this country.

**Senator Marshall:** They have been made by the Liberals.

**Senator Croll:** The trouble is that you have not been in office long enough to make mistakes.

Let me take you back a few years, because most of you are old enough to know what I am talking about. I will take you back to World War I. You will remember that when the soldiers returned there was little provision made for them, and they broke up into groups. There was no Canadian Legion at that time, but about half a dozen groups existed in the country. I remember them well, because they applied for help to municipalities, and I was connected with municipalities at that time. Those groups fought among themselves until 1926, I think, when legislation was finally passed through which they were brought together to form the Canadian Legion. It was not until then that anything of value came to them. That is a point I should really like to stress.

In those days the veterans affairs department was called the Department of Pensions and National Health, I believe, and if you had been here in those days you would have known the veterans' animosity.

**Senator Flynn:** Honourable senators, I call your attention to the fact that it is now 6 o'clock. I suggest that we return at 8 o'clock.

**Senator Croll:** Did you say it is 6 o'clock?

**Senator Flynn:** Yes, that is true. You will have a chance to get your notes together in the meantime.

**Senator Croll:** Thank you very much.

**Senator Flynn:** Perhaps it will avoid a few repetitions.

[Senator Croll.]

**The Hon. the Speaker:** Honourable senators, pursuant to rule 12, it being 6 o'clock I now leave the Chair until 8 o'clock.

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At 8 p.m. the sitting was resumed.

**Senator Croll:** When we adjourned, I was reminding the house that we went through a similar situation at another time. There were a great many people who had much in common but who were completely without effect. Of course, as I indicated, the veterans department came under another ministry. The only way that change was brought about was by the veterans becoming belligerent and entering the political field. The veterans wanted recognition, and they got it.

We call to mind Ian Mackenzie, Bobby Lapointe, Milton Gregg and Alf Brooks. They were great men who devoted themselves to the cause of veterans and brought about better conditions for them. They did not take anything away from anyone else because, as those honourable senators who were close to the then government know, when the veterans received an increase, benefits were given also to other people, in order that they might not be left out.

What we cannot seem to get across to our older people is that politics represents power. Elderly people represent 8 per cent of our population, of which 17 per cent are in Ontario and 12 per cent in British Columbia. That figure of 8 per cent is growing, and it represents a great power if only elderly people would take advantage of it. All they have to do is to feel concerned, and get out and vote.

**Senator Flynn:** They always vote the same way.

**Senator Croll:** No, they do not. I do not recall meeting any politician who felt unsympathetic toward the cause of the elderly. Some political parties have had the opportunity of demonstrating their sympathies more effectively and sooner than others. Some give the matter a high priority, and, after all, it is a question of priorities.

Senator Flynn has been in Ottawa almost as long as I have, and knows that this is a place of special interests. There are more lobbyists here than there are members of Parliament. Everyone is trying to sell his particular cause. Elderly people should have an opportunity to plead their cause with their member of Parliament, their member of the legislature or alderman, all of whom can help. However, they feel that politics is not for them, but they will have to learn as others had to learn.

**Senator Flynn:** Agreed.

**Senator Croll:** Elderly people represent a power. As I have said, the veterans were treated fairly and with equality. It is difficult to justify having a ministry of sports but not a ministry for the elderly. Labour has a ministry, as has business and the fishing industry, and all those ministries exist for the purpose of looking after the causes of special groups. Someone should have responsibility in Parliament for the elderly; there

should be someone who should have to answer to Parliament for that group of people.

What we are doing today is patching, and next week, with Bill C-7, we will be doing some more patching. We keep doing a little of that here and a little there, and keep on saying, "Well, we cannot afford it." If we added up all the sums we find in that way, however, we would see that we can very well afford it. We have to move towards reducing the age from 65 to 60, little by little.

**Senator Flynn:** Until when?

**Senator Croll:** There are half a million people at the present time—300,000 women and 200,000 men—who are really suffering. These people are really in need, and we are going to have to do something for them. This applies particularly to the women, whom we sometimes refer to as the four D's—that is, divorced, diseased, disabled and deserted. These people are constantly in need, and until we reduce the age we are not going to be able to look after them. I have suggested that we should have a ministry to deal with this subject. This would not involve the spending of a great deal of money, and there are a lot of candidates for ministers sitting over there—

**Senator Flynn:** No doubt!

**Senator Croll:** —who can do a first class job.

There is work for such a ministry to do. When I say that, I in no way detract from the achievements of the present Minister of National Health and Welfare. She has done a remarkably good job of selling the idea of spending the kind of money we need to spend at the present time. However, we need, in addition, someone who would make this specific matter a priority, and his or her immediate task.

Once you give something some attention, it is amazing how it grows. Take, for instance, one of the budget papers, entitled "Integration of Social Payments into the Income Tax System." This is a discussion paper on the feasibility of integration. I do not suggest that the paper agrees with everything that the Special Senate Committee on Poverty suggested in its report, but the finance minister mentioned it in his budget speech. All we were suggesting in our report is that the various shared programs between the provinces and the dominion be integrated into one. I have been doing some research, and I find that in Canada today we have 112 shared programs as between the provinces and the dominion. That is a fair number of programs to have, and the suggestion was made that we could cut down that number considerably. That is what is being discussed in this paper.

The other thing that the Senate committee talked about in its report was the poverty line. The indication was that the government was trying to meet the poverty line as laid down by Statistics Canada. Statistics Canada, of course, knows what it is talking about, but we on the Poverty Committee also drew a poverty line when we first presented our report in 1974. This has since been accepted by the Canadian Council on Social Development, and generally throughout the country. The poverty line contained in our report is higher than that contained in the Statistics Canada report because that report made provision for rural areas whereas our report did not. However, there is not much difference between us.

• (2010)

Using Statistics Canada information as a basis, we were able to work out what a family of four required financially, and then we tried to fix a poverty line. It is amazing how close our figures came to those arrived at by other groups.

I realize that at this particular time there is not too much money available, but we can do something. While studies were being made in the Senate, there was always hope in the minds of Canadians that somebody was looking after their problems and trying to make some sense out of them. We owe some assistance to these elderly people who find themselves in difficult positions because their money is not worth what they expected it would be worth. For those who have left the work force, it is difficult to return.

There is great need for a special study. If we cannot give these elderly people money, we can give them hope. They will know that we are looking into their problems, and they can hope that sooner or later something helpful to them will come of our study. We can only hope that this will be soon.

I have indicated that I am in support of the bill. We, in the Senate, not only understand bills of this sort; we have contributed a great deal to them, and we will contribute to them in the future as we have in the past.

The government should not be stubborn about establishing a ministry for the aged, or establishing a poverty line that is meaningful. I would also suggest that the government should make a move at this time towards reducing the pensionable age from 65 to 60. People will agree that we cannot afford to do this immediately, but at the same time they realize that we at least ought to be involving ourselves in this question. All of my suggestions are feasible and would carry the approval of the people. I support the bill.

**Hon. John M. Macdonald:** Honourable senators, it is not my intention to speak at any length on this bill, but there are one or two comments I should like to make.

As has been mentioned, the bill does two things, and in my opinion both are good. The additional $20 a month payable across the board to those households receiving the guaranteed income supplement is, I think, more than welcome. This $20 will not make anybody rich but it will be helpful, and these people certainly need to be helped.

I particularly like the idea that it is a straight increase and that no means test or income test is to be used in connection with it. I do not know just why the amount of $20 a month was selected. Indeed, I think there is no guiding principle behind it.

I must say that I like the down-to-earth approach of the minister to the bill and to the amount. She said:

> This is not a bill that has behind it a principle or establishes one . . . It addresses in a pragmatic way a set of circumstances which created such hardship to so many people that the bill was due for improvement.

Honourable senators, the bill is attempting to deal in a down-to-earth manner with the serious financial difficulties of many of those who receive the guaranteed income supplement. It is not a solution to their problems, but it is an improvement over their present situation.

It may be argued that the bill does not treat single people and married couples in the same manner. The single person will receive $20 a month and a married couple will receive $20 a month between them. However, I do not think there can be any serious objection to this. Indeed, quite the contrary. I notice that in the debate in the other place the minister mentioned that the cost of living of the single person was about two-thirds that of a married couple, and this being so the discrimination does in fact exist against the single person. The maximum supplement for October for a married couple was $205.22, and for a single person it was $115.59, so if we are to be fair about it the maximum supplement for the single person should be more. It should, in fact, be $136 and some cents. Of course, I am not for a moment suggesting that the $205.22 is adequate, or that it will be adequate with the $20 a month increase. I should like to see the increase raised to more than $20, but I can appreciate the difficulty of obtaining a higher increase at this time.

What is disturbing is the fact that so many people qualify for and need the supplement in whole or in part. Indeed, I think they all need the maximum, but under the income means test all cannot receive it. This bill will be helpful in this regard, as it will automatically raise the income ceiling and so make an additional 100,000 people eligible to receive the supplement in whole or in part.

I do not know just how many people receive the maximum supplement, but I notice that 60 per cent of all pensioners will benefit from this legislation, which means that 1,350,000 people receive the supplement in whole or in part. These figures tell a sad story. It is a dreadful commentary and a shocking indictment of our society that so many people have so little income. More frightful still is the fact that, according to the minister, some 800,000 women in Canada are old, are poor and live alone.

● (2020)

So, honourable senators, it is obvious we still have a long way to go before we can be satisfied with our social security system; yet, perhaps we should not overlook the fact that there are some bright spots and some encouraging features in our present system. I know that the joint federal-provincial project, known as the Senior Citizens Housing, is most successful. It is an effective and satisfactory manner of assisting senior citizens. I am only familiar with its operation in Nova Scotia, and, indeed, that part of Nova Scotia in which I reside. I know that it provides good accommodation and reasonable rental to those who qualify. I understand that the building of such accomodation cannot keep up with the demand and need for it. I do not think the same commendation can be given to the homes for the aged, community homes, old age homes and the like. They have a boarding house atmosphere. They provide nursing care as well as accommodation for elderly persons. The care and accommodation is excellent, but the price is too high for the ordinary pensioner. Of course, I do not know the prices charged in all places. I do know that the price charged in my area of Nova Scotia—between $800 and $900 a month—is exorbitant and beyond the means of the ordinary pensioner. It means that any savings a person has accumulated over a lifetime, and any other assets he may have, will be used to pay his way until it is all used up, and then welfare comes into the picture.

[Senator Macdonald.]

It is sad for people who have taken pride in paying their own way throughout their lifetime to now have to accept welfare. Like it or not, welfare has a stigma attached to it for them. That attitude may be wrong. I know it is not the general attitude of the present day, but it is their attitude and I think these people should be able to live out their lives with dignity and pride, without having to feel they are under any obligation to anyone.

I know that it costs money to build and operate these homes, which provide a real need. I think they should be directly subsidized by all three levels of government, rather than being indirectly subsidized, as they are now, by welfare payments. This would prevent those who occupy these homes from having to use up assets they may have acquired through years of hard work and savings.

If a person owns a home and sells it while welfare has paid part of his or her accommodation, then welfare is repaid from such sale and the person can only keep up to $1,000 of the assets—enough to provide a modest funeral. People should not have to become paupers in their final years. I must admit I do not know if direct subsidies by three levels of government is the answer, but I should like to see it tried. I know that welfare officers would also welcome some new system. The ones I know are dedicated, compassionate people who are anxious to assist the elderly in any way they can. They hate to have to inform anyone that he cannot retain the proceeds from the sale of a home or other assets.

Honourable senators, I have wandered from the provisions of the bill before us. I think, indeed, the previous two speakers have done the same. I shall make but a brief reference to the second part of the bill. I also strongly support the idea of paying the surviving spouse the spouse's allowance for six months after the date of death. Strong and convincing arguments can be advanced for the payment of pensions to all needy persons over 60 and under 65 years of age. I suppose it is discriminatory to pay an allowance to a spouse and not to a single person whose needs may be greater. However, such allowance will, I trust, come in the future. This bill deals with continuing such payments for six months. Why six months was chosen is not clear. I expect it was also a down-to-earth approach to a specific problem. It is an improvement over existing legislation and, as such, deserves support.

It has been said that this improvement in pensions is going to cost in the neighbourhood of $300 million. It is also said that no additional taxation is going to be imposed to meet that cost. It is to be absorbed into the government budget. That can only mean one of two things: it is either going to be part of the

deficit, or other programs are going to be reduced in order to free funds for this measure. I should like to know what other programs are going to be reduced, but I am afraid to ask.

To repeat, I am shocked that the House of Commons took a month to process this legislation. When it was introduced, I certainly expected, as did many others, that it would come into force at the end of October. But the other place dillydallied about the thing, and because they did not then do the right thing and make it retroactive to at least November 1, many people who would have otherwise qualified do not qualify.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Haidasz:** Honourable senators, in view of the many views expressed in support of Bill C-5, I would move, with leave, that the bill be read the third time now.

**Senator Flynn:** I would suggest that the bill be referred to either a Committee of the Whole or to the Standing Committee on Health, Welfare and Science.

**Senator Haidasz:** In that case, I move that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

## BUSINESS OF THE SENATE

**Senator Langlois:** Honourable senators, before the Senate adjourns during pleasure, I should like to announce that the Standing Senate Committee on Health, Welfare and Science will meet to consider the bill in room 356-S when the Senate rises.

I propose that the Senate do now adjourn during pleasure.

The Senate adjourned during pleasure.

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At 9.40 p.m. the sitting was resumed.

## OLD AGE SECURITY ACT

BILL TO AMEND—REPORT OF COMMITTEE

**Senator McGrand,** Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Monday, November 20, 1978

The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-5, "An Act to amend the Old Age Security Act", has, in obedience to the order of reference of Monday, November 20, 1978, examined the said bill and now reports the same without amendment.

The committee nevertheless strongly recommends that the Government consider the advisability of introducing at the earliest possible opportunity an amendment to this bill that would have the effect of making clause 2 of the bill retroactive to November 1, 1978.

Respectfully submitted,

F. A. McGrand,
*Deputy Chairman.*

THIRD READING

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

**Senator Haidasz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

**Senator Flynn:** Honourable senators, I just want to put on the record the fact that the committee's recommendation that the government introduce legislation without delay to make clause 2 retroactive to November 1 is made to redeem the reputation of the Commons, which delayed this legislation for about a month, during which time, according to Mr. Knowles, it deprived over 200 spouses of the benefit of clause 2. The Senate has the responsibility for about 28; they have the responsibility for 210.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received;

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

November 20, 1978

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 20th day of November, at 9:50 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

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At 9.50 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Old Age Security Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, November 21, 1978, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until tomorrow at 8 p.m.

**APPENDIX**
(See p. 222)

A COMPARISON OF THE INCIDENCE OF INDUSTRIAL DISPUTES IN MAJOR O.E.C.D. COUNTRIES, 1970 TO 1976

| | Number of Disputes | | | Millions of Workers Involved | | | Workers Involved in Disputes as a Percent of Wage and Salary Earners | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1970-74 | 1975 | 1976 | 1970-74 | 1975 | 1976 | 1970-74 | 1975 | 1976 |
| Italy | 4,694 | 3,601 | 2,706 | 5.195 | 14.110 | 11.898 | 40.2 | 103.6 | 86.5 |
| Australia | 2,553 | 2,432 | 2,055 | 1.323 | 1.398 | 2.190 | 28.9 | 29.6 | 46.3 |
| France | 3,690 | 3,888 | 4,348 | 3.436 | 1.827 | 3.814 | 13.4 | 10.8 | 22.4 |
| United Kingdom | 2,885 | 2,282 | 2,016 | 1.573 | .809 | .668 | 7.0 | 3.6 | 3.0 |
| Japan | 3,164 | 3,391 | 2,720 | 2.203 | 2.732 | 1.356 | 6.3 | 7.5 | 3.7 |
| Denmark | 96 | 147 | 204 | .110 | .059 | .087 | 5.8 | 3.1 | 4.4 |
| Canada | 735 | 1,171 | 1,039 | .430 | .506 | 1.571 | 4.2 | 6.0 | 18.2 |
| United States | 5,458 | 5,031 | 5,649 | 2.666 | 1.746 | 2.412 | 3.6 | 2.3 | 3.0 |
| Belgium | 187 | 243 | n.a. | .076 | .086 | n.a. | 2.5 | 2.8 | n.a. |
| Germany | n.a. | n.a. | n.a. | .236 | .036 | .169 | 1.1 | 0.2 | 0.8 |
| Netherlands | 33 | 5 | 11 | .034 | ... | .015 | 0.7 | — | 0.4 |
| Sweden | 74 | 86 | 73 | .023 | .024 | .009 | 0.5 | 0.6 | 0.2 |

n.a.—not available.
....—less than 1,000 workers.
Statistics for 1970-74 are annual averages.

In 1977, the number of disputes in Canada dropped 23% to 803, the number of workers involved dropped 86% to 217, 551 and workers involved as a percent of wage and salary earners dropped from 18.2% in 1976 to approximately 2.4% in 1977.

SOURCES: *Year Book of Labour Statistics, 1977;* International Labour Organization, Geneva.
*O.E.C.D. Labour Force Statistics, 1965-1976;* Paris, 1978.

# THE SENATE

**Tuesday, November 21, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## PARLIAMENT

MESSAGES BETWEEN HOUSES—POINT OF ORDER

**Senator Flynn:** Honourable senators, I rise on a point of order which Your Honour may take under advisement, because it is a mixed question of facts and our rules or customs. It is in connection with Bill C-5, which we adopted yesterday following presentation of the report of the committee that the bill be passed without amendment. The report stated that:

> The committee nevertheless strongly recommends that the Government consider the advisability of introducing at the earliest possible opportunity an amendment to this bill that would have the effect of making clause 2 of the bill retroactive to November 1, 1978.

Of course, the bill was read for the third time and passed, and the message was sent to the other place.

It does not show here in our *Hansard*, and it does not appear in print in the other place, that the message mentioned the recommendation. I do not know whether that is in accordance with our custom and usage, and I doubt whether it is provided for in our rules. When the Senate passes a bill in the form in which it comes to us from the other place but with a recommendation that something be done in respect of that measure, the other place should be so informed. *Hansard* of the other place does not show that they were informed of the Senate's recommendation in respect of Bill C-5. Also, I have been told that they did not hear that part of the report of the committee. That is a question of fact which Your Honour may verify.

The other question, of course, is whether, assuming the facts are as I suspect, the message to the other place should not include the recommendation of the Senate. After all, if the members of the other place are not informed of such recommendations, they would simply think we had merely submitted to the circumstances which we spoke of yesterday.

**Senator Perrault:** Honourable senators, there is certainly no disagreement with the position taken by the Leader of the Opposition. The matter is one which should be investigated and a method found to make certain that messages with their recommendations are transmitted to the other place in the form intended by honourable senators.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report on operations under the Regional Development Incentives Act for the month of August 1978, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

• (2010)

## CANADA NON-PROFIT CORPORATIONS BILL

REPORT OF COMMITTEE PRESENTED

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, November 8, 1978

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-4, intituled: "An Act respecting Canadian non-profit corporations", has, in obedience to the Order of Reference of November 2, 1978, examined the said bill and now reports as follows:

The predecessor of Bill S-4 was Bill S-3. Bill S-3 was introduced in the Senate during the third session of Parliament and was referred to your committee for examination on November 22, 1977. Your committee held six meetings on Bill S-3, heard twenty witnesses and reported the bill to the Senate on March 16, 1978, with 73 amendments. The bill, as amended by your committee, was passed by the Senate on March 22, 1978, and sent to the House of Commons. The bill did not progress beyond first reading in the House of Commons and, as a result, it died on the order paper when the third session of Parliament was prorogued on October 10, 1978.

A revised version of Bill S-3 was introduced in the Senate on October 17, 1978, and was designated as Bill S-4. Included in Bill S-4 were the 73 amendments made by the Senate to Bill S-3 and certain other changes made to the text of Bill S-3 by the Department of Consumer and Corporate Affairs when it revised the bill prior to its reintroduction in the present session of Parliament. Your committee is satisfied that these changes, which are set out in the appendix to the proceedings of your committee of November 8, 1978 (Issue No. 2), were made in the public interest and will assist in the proper administration of the Act.

Your committee has also given careful study to certain amendments to Bill S-4 prepared by the Department of Consumer and Corporate Affairs and proposed in committee. Your committee is satisfied that these amendments are in order.

Your committee, therefore, recommends that Bill S-4 be amended as follows:

1. *Page 2, Subsection 2(1):* In the French version only, strike out line 44 and substitute the following:

"la *Loi sur les corporations commerciales*"

2. *Page 8, Subclause 5(1):* Strike out line 11 and substitute the following:

"terests of each class;

(*c*.1) any maximum number of membership interests;"

3. *Page 9, Subclause 9(1):* Strike out line 21 and substitute the following:

"Inc." or "Corp." "

4. *Page 12, Subclause 14(2):* In the English version only, strike out line 12 and substitute the following:

"(2) A corporation may carry on its activities"

5. *Page 20, Subclause 31(2):* Strike out line 32 and substitute the following:

"security in bearer form or order form or of a security in"

6. *Page 71, Subclause 119(3):* Strike out line 6 and substitute the following:

"(3) If a record date is fixed, unless notice of the record date is waived in writing by every member of the class of membership affected whose name is set out in the register of members maintained pursuant to subsection 19(1) at the close of activities on the day the directors fix the record date, notice thereof"

7. *Page 76, Subsection 124(1):* In the French version only, strike out line 8 and substitute the following:

"voix sont présents ou représentés."

8. *Page 98, Subclause 164(6):* Strike out lines 22 to 26 and substitute the following:

"(6) Subject to subsection (5), an amalgamation agreement is adopted when the members of each amalgamating corporation have approved of the amalgamation by special resolutions."

9. *Page 98, Subclause 165(1):* Strike out line 47 and substitute the following:

"(ii) except as may be prescribed, the articles of amalgamation shall"

10. *Page 99, Subclause 165(2):* Strike out line 15 and substitute the following:

"(ii) except as may be prescribed, the articles of amalgamation shall"

11. *Page 113, Subclause 173(6):* Strike out line 4 and substitute the following:

"(4)(*e*) has been made, articles of arrange-"

12. *Page 113, Subclause 173(8):* In the English version only, strike out line 12 and substitute the following:

"the date shown in the certificate of"

13. *Page 147, Subclause 234(4):* Strike out line 4 and substitute the following:

"referred to in subsection (2) or 235(2) may be printed"

Respectfully submitted,

SALTER A. HAYDEN
*Chairman.*

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

**Senator Hayden** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, November 8, 1978

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-5, intituled: "*An Act to amend the Canada Business Corporations Act*", has, in obedience to the Order of Reference of November 1, 1978, examined the said bill and now reports as follows:

The predecessor of Bill S-5 was Bill S-2. Bill S-2 was introduced in the Senate during the third session of Parliament and was referred to your committee for examination on November 15, 1977. Your committee held seven meetings on Bill S-2, heard nine witnesses and reported the bill to the Senate on March 15, 1978, with 100 amendments. The bill, as amended by your committee, was passed by the Senate on March 20, 1978, and sent to the House of Commons. The bill did not progress beyond first reading in the House of Commons and, as a result, it died on the order paper when the third session of Parliament was prorogued on October 10, 1978.

A revised version of Bill S-2 was introduced in the Senate on October 17, 1978, and was designated as Bill S-5. Included in Bill S-5 were the 100 amendments made by the Senate to Bill S-2 and certain other changes made to the text of Bill S-2 by the Department of Consumer and Corporate Affairs when it revised the bill prior to its re-introduction in the present session of Parliament. Your committee is satisfied that these changes, which are set out in the appendix to the Proceedings of your committee of November 8, 1978 (Issue No. 2), were made in the public interest and will assist in the proper administration of the Act.

Your committee has also given careful study to certain amendments to Bill S-5 prepared by the Department of Consumer and Corporate Affairs and proposed in committee. Your committee is satisfied that these amendments are in order.

Your committee, therefore, recommends that Bill S-5 be amended as follows:

1. *Page 7, Subclause 11(1):* Strike out lines 1 to 15 and substitute the following:

"(1.2) Notwithstanding subsection 25(3) and subsection (1.1), where, after November 8, 1977, a corporation issues shares

(*a*) in exchange for

(i) property of a person who immediately before the exchange does not deal with the corporation at arm's length within the meaning of that term in the *Income Tax Act*, or

(ii) shares of a body corporate that immediately before the exchange or that, because of the exchange, does not deal with the corporation at arm's length within the meaning of that term in the *Income Tax Act*, or

(*b*) pursuant to an agreement referred to in subsection 176(1) or an arrangement referred to in paragraph 185.1(1)(*b*) or (*c*) to shareholders of an amalgamating body corporate who receive the shares in addition to or instead of securities of the amalgamated body corporate,"

2. *Page 7, Subclause 11(1):* Strike out line 38 and substitute the following:

"must be approved by special resolution unless all the issued and outstanding shares are shares of not more than two classes of convertible shares referred to in subsection 37(4.1)."

3. *Page 13, Clause 18:* Add, immediately after subclause 18(1), the following Subclause:

"(1.1) The definition "*bona fide* purchaser" in subsection 44(2) of the said Act is repealed and the following substituted therefor:

"*bona fide* purchaser" means a purchaser for value in good faith and without notice of any adverse claim who takes delivery of a security in bearer form or order form or of a security in registered form issued to him or endorsed to him or endorsed in blank;" "

4. *Page 22, Subclause 30(2):* Strike out line 5 and substitute the following:

"(4) If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice"

5. *Page 23, Clause 41:* In the French version only, strike out lines 9 to 11 and substitute the following:

"d'actions disposant de plus de cinquante pour cent des voix, sont présents ou représentés."

6. *Page 26, Subclause 52(1):* Strike out line 43 and substitute the following:

"(*e*.1) reduce or increase its stated capital which,"

7. *Page 28, New Clauses 56.1 and 56.2:* Add immediately after clause 56 the following Clauses:

"56.1 Subsection 177(5) of the said Act is repealed and the following substituted therefor:

"(5) Subject to subsection (4), an amalgamation agreement is adopted when the shareholders of each amalgamating corporation have approved of the amalgamation by special resolutions."

"56.2 (1) Subparagraph 178(1)(*b*)(ii) of the said Act is repealed and the following substituted therefor:

"(ii) except as may be prescribed, the articles of amalgamation shall be the same as the articles of incorporation of the amalgamated holding corporation, and"

(2) Subparagraph 178(2)(*b*)(ii) of the said Act is repealed and the following substituted therefor:

"(ii) except as may be prescribed, the articles of amalgamation shall be the same as the articles of incorporation of the amalgamating subsidiary corporation whose shares are not cancelled, and" "

8. *Page 39, Subclause 82(2):* Strike out line 40 and substitute the following:

"cate referred to in subsection (2) or 256(2) may be"

Respectfully submitted,

SALTER A. HAYDEN
*Chairman*

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

**Senator Hayden** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Thursday, November 23, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## VETERANS AFFAIRS

### WIDOWS OF VETERANS—PENSIONS—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government if he would consult with the Minister of Veterans Affairs to determine what progress is being made with regard to the inclusion of widows of veterans receiving disability pensions who are receiving a rate of less than 48 per cent. This matter has gone on for some time now,

and I think we should receive a progress report because of the interest expressed in this chamber as well as in the other place.

**Senator Perrault:** Honourable senator, a determination will be made as to whether the information has yet been received.

## FISHERIES

### SIGNS INDICATING EXISTENCE OF DEPARTMENT OF FISHERIES AND OCEANS—QUESTION ANSWERED

**Senator Perrault:** Senator Marshall asked a question yesterday with respect to signs which he alleged are being "exposed" in the country referring to the "Department of Fisheries and Oceans". The question was:

> Can that be done without legislation being passed? It is not that I object to it, but is there any reason for the indication that such a department is already in existence?

"Fisheries and Oceans" is the applied title for the proposed Department of Fisheries and Oceans as opposed to being the legal title and, by regulation, is permitted to be used.

The use of applied names, I have been informed, is a common practice. "Parks Canada", for example, is widely used although not a legal entity.

By letter of August 16 to the Honourable Roméo LeBlanc, the President of the Treasury Board, the Honourable Robert Andras, stated:

> I also agree with you that until the legislation is passed the (applied) title should be used to identify the Fisheries and Oceans activities of the Department of the Environment. One advantage of this proposal is that no added costs in converting signage should be incurred when the legislation is passed.
>
> We have been advised that the government intends to reintroduce legislation, dealing with the Department of Fisheries, at an appropriate time this Session.

## AGRICULTURE

### FEED GRAIN PRICES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have been informed that my colleague, the Minister of National Revenue, has some information which he would like to give to honourable senators pursuant to rule 20, adopted only a short while ago. It is that senators who are ministers of the crown, on questions relating to their ministerial responsibility, may respond in the oral question period.

● (2020)

**Senator Guay:** Honourable senators, this does not fall within my responsibility, but I should like to answer a question asked November 16 by Senator Olson respecting feed grain prices. I was asked to contact the minister responsible for the Wheat Board to obtain an answer to the question asked. I have done so, and the minister supplied the following answer in writing:

> Initially I should indicate that throughout the world feed grain production and supplies in 1978 are very substantial and this has had a depressing effect on the general price level of feed grains in world markets. Nevertheless I am pleased to report to you that producer marketings of oats and barley to the Canadian Wheat Board and marketing of wheat, oats and barley to the domestic feed grain market have increased substantially in this crop year compared to 1977-78. Producer marketings of these grains for this crop year to November 8 were 1.6 million tonnes compared to 1.1 million tonnes for the same period last year. Though current prices are not as high as we would like, the substantial volume of producer marketings are helping to maintain farm cash flow and should begin to strengthen domestic feed grain prices relative to the world price level.
>
> In conjunction with these increased producer marketings, shipments from country elevators and exports by the Canadian Wheat Board are both running considerably ahead of last year. Barley shipments are 21 per cent above last year while exports of barley were 1.2 million tonnes for this crop year to November 8 compared to 800,000 tonnes for the same period in 1977. Projected exports of barley for 1978-79 are in excess of 4 million tonnes, considerably above the 3.35 million tonnes marketed last year.
>
> Therefore, to answer your question specifically, the substantially increased export program, particularly for barley, in this crop year should, if not immediately at least over the course of the year, relieve some of the pressure on domestic feed grain prices which currently exists due to the substantial supplies of feed grain in the prairies.

## TRANSPORTATION

### LANDING RIGHTS OF CANADIAN AND BRITISH AIRLINES—QUESTION

**Senator Molson:** Honourable senators, I should like to ask the Leader of the Government whether he can give us any information about negotiations currently taking place between Canada and the United Kingdom regarding landing rights of Canadian airlines in the London area. In explanation, I should say that from what I have seen at the present time Canadian airlines are being moved from Heathrow to Gatwick. Can the leader give us the reasons for this treatment?

As a supplementary, I should also like to ask the leader—and I know this question can only be taken as notice—what United Kingdom airlines have landing rights in Canada, at what airports, and what Canadian airlines have landing rights in the United Kingdom, and at what airports? I ask this question in order to be better informed on the relationship between the airlines of these two countries.

**Senator Perrault:** Because of the detailed nature of the question, I must take it as notice. Negotiations have been underway for some time, as the honourable senator is aware, but I have no current report available at this time.

## FOREIGN AFFAIRS

COMMUNE OF THE PEOPLE'S TEMPLE IN JONESTOWN, GUYANA—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government if the government has been informed whether any Canadians were involved in the People's Temple religious sect in Jonestown, Guyana, and the mass murder and suicides that took place there over the weekend?

**Senator Perrault:** The question will be taken as notice.

## TRANSPORTATION

REPORT OF McKENZIE ROYAL COMMISSION ON BRITISH COLUMBIA RAILWAY—QUESTION

**Senator Austin:** Honourable senators, last Friday the Government of British Columbia released the final report of the McKenzie Royal Commission on the British Columbia Railway. In short, the major recommendation is that the British Columbia Railway be sold to Canadian National and that the province write off approximately $700 million of British Columbia Railway debt and equity loss. The unrecoverable loss in this decade alone is $360 million.

I should like the government leader to inform this chamber whether the Canadian National is prepared to negotiate for the acquisition of the British Columbia Railway on terms outlined by the McKenzie Royal Commission, or alternatively whether the Government of Canada might directly purchase the railway and allow it to be operated by Canadian National.

**Senator Perrault:** That question must certainly be taken as notice. I have no knowledge of any such decision.

## STUDENT LOANS

NEWSPAPER ARTICLE—QUESTION

**Senator Buckwold:** I should like to ask a question of the Leader of the Government. Some months ago it was reported in the Toronto *Star* that 55,000 Canadians who borrowed money to go to university had defaulted on their government guaranteed student loans. As I recall, this matter was raised in this chamber. Could we have a report on any progress that is being made in respect of these defaulted student loan accounts?

**Senator Perrault:** Honourable senators, that information will be sought as quickly as possible.

## CANADA LABOUR CODE

COMMITMENT BY GOVERNMENT LEADER RESPECTING REPRESENTATIONS BEFORE SENATE COMMITTEE—QUESTION

**Senator Flynn:** May I ask the Leader of the Government if he has been informed of the question I put last week in his absence, on November 14, about the commitment with regard to people who wanted to make representations about amendments to the Canada Labour Code? It is reported at pages 180 and 181 of *Hansard*. The deputy leader said he would bring this question to the attention of the leader. I am giving him notice now.

**Senator Perrault:** I appreciate the courtesy of the Leader of the Opposition. Notice will be taken of that question and the information will be sought.

## THE SENATE

MEDIA COVERAGE OF QUESTION OF PRIVILEGE—QUESTION

**Senator Riley:** Does the Leader of the Government or his office have any knowledge of any media coverage of the question of privilege raised yesterday by the Leader of the Opposition in the Senate, and the repudiation made subsequently by other speakers in reference to the allegations made in the other place, which actually were a reflection upon the integrity of this house?

**Senator Perrault:** Honourable senators, I have not had an opportunity to peruse all current publications reporting the events which take place in Parliament, but the publications that I have read thus far indicate that coverage of yesterday's activities in this place is not extensive. It would seem that coverage of the facts was pursued with far less zeal than was brought to the irresponsible circulation across the country of incorrect information the day before. I for one intend to make personal representations to the head of Canadian Press about what I believe to be a shocking lack of responsibility on the part of that agency.

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

## VETERANS AFFAIRS

CEREMONIES TO MARK THIRTY-FIFTH ANNIVERSARY OF D-DAY—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government a question concerning the Department of Veterans Affairs. Last Friday in the other place the Minister of Veterans Affairs answered a question having to do with the thirty-fifth anniversary of D-Day next June. The minister indicated that plans were being made. Could the leader assure us that we will be apprised of any progress in that planning so that we will be aware of the very important ceremony that will take place next June?

**Senator Perrault:** Certainly to this time the Minister of Veterans Affairs has been very co-operative with the Senate in respect of missions sent overseas to honour our war dead and those who served abroad in Canada's wars. The honourable senator's inquiry will be forwarded to the Minister of Veterans Affairs together with a request from the Leader of the Government here that the Senate be included in any plans.

• (2030)

## FOREIGN AFFAIRS

VISIT OF U.S. SECRETARY OF STATE TO CANADA—QUESTION

**Senator Austin:** Honourable senators, I should like to ask the government leader a question about the visit to Canada of Cyrus Vance, the United States Secretary of State. It is a welcome visit from my point of view, because I believe relations between Canada and the United States must be continuously conducted at the highest possible level. My question relates to the northern pipeline. I should like to know whether the northern pipeline is to be a subject on the agenda of the Minister of External Affairs and the Secretary of State and whether, indeed, the question of prebuilding is to be part of their discussion.

My concern is the growing belief in the United States that prebuilding the northern pipeline is a Canadian commitment to the establishment of a pipeline. That is not the case, and I wondered whether the Canadian government will make that point clear.

**Senator Perrault:** Honourable senators, I will undertake to bring to the Senate as soon as it is available a report on the meetings between Mr. Vance and Canadian officials.

## BORROWING AUTHORITY BILL, 1978-79

SECOND READING—DEBATE ADJOURNED

**Hon. Léopold Langlois** moved the second reading of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act.

He said: Honourable senators, this borrowing authority bill seeks a supplementary borrowing authority of $7 billion for the fiscal year 1978-79. In addition to these supplementary borrowing powers, the bill seeks explicit authorization for the government to borrow in foreign currencies as well as in Canadian dollars. Also, an amendment to the Financial Administration Act is being sought in the borrowing authority bill in order to clarify that the use of borrowing authority is to be calculated on a net basis.

I will explain later the purpose of the last two requests, but for the moment I will concentrate on the need for the government to seek $7 billion additional borrowing power for this fiscal year.

For the fiscal years 1977-78 and 1978-79, borrowing authorities amounting to $21 billion have already been granted. This amount was authorized by the following acts: First, the Appropriation Act No. 2, March, 1977—

**Senator Flynn:** That brings back memories.

**Senator Langlois:** —$7 billion; second, the Income Tax Amendment Act, December, 1977, $9 billion; and third, the Appropriation Act No. 1, March, 1978, $5 billion, for a total of $21 billion.

In the fiscal year 1977-78 the government raised $8.2 billion net in the domestic financial markets. This left the government with borrowing power of just less than $13 billion for the fiscal year 1978-79.

At the beginning of the current fiscal year, this was considered sufficient to cover estimated fiscal 1978-79 financial requirements of $11.5 billion, excluding any requirements arising out of foreign exchange transactions, and a margin for contingencies. This margin was also considered sufficient to cover the unborrowed portion of the line of credit with Canadian chartered banks. Since that time, and as stated by the Minister of Finance on September 8 last, the financial requirements, excluding foreign exchange transactions, have risen to an estimated $11.8 billion.

However, this relatively modest increase in domestic financial requirements is not the reason for seeking new powers at this time. The main reason for seeking supplementary borrowing powers for the fiscal year 1978-79 is that extensive foreign borrowings undertaken by the government to bolster foreign exchange reserves have been charged against the outstanding borrowing authorities. This has used up the borrowing authority which had originally been sought, and which would otherwise have been available to cover domestic borrowings.

These foreign borrowings at the end of October amounted to the Canadian dollar equivalent of $5.4 billion. This amount covers bond issues in the United States and Germany as well as drawings on stand-by credits which the government has established this fiscal year with the United States, and other foreign banks as well, on the stand-by credit with Canadian banks which was expanded this fiscal year. In total, the government has established stand-by credits in the amount of U.S. $5.5 billion of which U.S. $3.1 billion remains outstanding.

The $7 billion supplementary borrowing authority now being sought will compensate for the use of outstanding borrowing authorities emanating from these $5.4 billion of foreign borrowings. It will also provide some margin to cover possible drawings on the remaining $U.S. 3.1 billion stand-by credits.

The bill also seeks explicit authorization for the government to borrow in foreign currencies as well as in Canadian dollars. Over the years, borrowings have been made in several currencies on foreign markets based on borrowing authority wording comparable to that incorporated in sections 2 and 3 of this bill. In order to dispel any uncertainties regarding Canada's authority to borrow and repay in foreign currencies, explicit foreign currency borrowing authorization is being sought in this bill. A similar authorization was obtained on March 22, 1978, when supplementary borrowing powers of $5 billion were obtained.

In addition, this bill seeks to amend the Financial Administration Act to clarify that it is only the net increase in outstanding debt that should be charged against the borrowing authority. In the act as it now exists there is some uncertainty concerning the amount to be charged against the statutory borrowing authority in any period. This arises particularly in

connection with short-term borrowings under the revolving stand-by lines of credit. When a borrowing is first made under a revolving stand-by credit pursuant to section 37 of the Financial Administration Act, it is clearly a charge against the borrowing authority. At maturity date the borrower may wish to extend the borrowing for a further period immediately. Pursuant to section 38, this would not be a charge against the borrowing authority, because the borrowing is considered a roll-over of a maturing issue. Should the option to repay a maturing issue be exercised after a delay, however, because of the manner in which section 38 is worded, it may constitute a further charge against the borrowing authority. This result would clearly restrict the full use and flexibility of the revolving stand-by lines of credit. The proposed amendment to the Financial Administration Act would clarify that it is only the new increase in outstanding debt from the date of the borrowing authority to the date of calculation of use of this authority that would be charged.

I think this explanation is clear enough to be understood by everybody, and it is a worthwhile improvement to section 37 of the present Financial Administration Act.

Honourable senators, I commend this bill to your favourable consideration.

On motion of Senator Roblin, debate adjourned.

● (2040)

## INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, November 14, the debate on the motion of Senator Thompson for the second reading of Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax.

**Hon. Allister Grosart:** Honourable senators, this bill was explained to us in considerable detail by the sponsor, Senator Thompson, who dealt with tax aspects generally to the satisfaction of the Senate and proposed that the measure be referred to committee. He suggested the Standing Senate Committee on Banking, Trade and Commerce. I made an alternative suggestion, but I do not know what has been decided in that respect. However, I shall have something to say about that in a moment.

The bill is more or less in the usual form of bills presented to Parliament for the implementation of "tax treaties," to use the generic term, entered into between Canada and other countries. In this case, the countries are the United Kingdom, Jamaica and Korea.

Honourable senators will notice at once that the same description of those treaties, or whatever they may be, is not used in all cases. Two of them are referred to as conventions, namely, the ones with the United Kingdom and Korea, and the one with Jamaica is referred to as an agreement.

[Senator Langlois.]

One of the things that I am going to suggest at this time is that the time is long overdue for Canada to take the lead in clearing up this inconsistency of nomenclature in respect to agreements such as these. There is a large body of literature in this area. Canada has, as a matter of fact, entered into an agreement to accept and adopt the nomenclature and various classifications which have been recommended internationally in a convention which is also described as a treaty.

It may seem that in this matter I am discussing only semantics, but that is most certainly not so, because the confusion between the various names of these treaties or conventions has already caused considerable trouble in Canada, and I am at a loss to know why the Department of External Affairs and others have not moved to tidy up the situation.

To give an example, the Auto Pact treaty if you wish to call it that, is certainly a contractual undertaking by Canada with the United States. When the Auto Pact was first contemplated, and it was announced in the press that Canada was considering entering into such a pact with the United States, it was suggested in the other place that this was a proper subject for discussion in Parliament. Here was a very important contract that the government intended to enter into with another country.

The official answer given at that time was that it was not a treaty, but only an agreement. I cannot think of a more nonsensical answer, but that answer prevailed at the time. The Auto Pact was entered into hastily without prior parliamentary consideration, and that has resulted in nothing but confusion and, at the present time, very serious adverse consequences for Canada, all of which might have been avoided—I will not say "would have been avoided" if the House of Commons had not been given that utterly absurd answer by the then Prime Minister that because it was an agreement and not a treaty it did not have to be referred to the House of Commons or to Parliament.

There are other examples of the same thing. It happened, as a matter of fact, with the renewal of the NORAD agreement, in respect of which the same answer was given, I think by Prime Minister Pearson, that it was a matter of the Crown's prerogative, and even though it was a treaty, it was none of the business of Parliament to know what was going on.

This is the situation with which we are faced at present. In respect of ratifications, honourable senators have asked on many occasions, "Does not Parliament ratify these treaties?" The answer is: No, Parliament has no right whatsoever, even when asked to ratify a treaty. This is still regarded by the Department of External Affairs, and by the Government of Canada, as part of the prerogative of the Crown—as antiquated and out-of-date a notion as one can think of.

Some of us will recall the lectures we had on this subject from a former Leader of the Government in the Senate. I am delighted to say that the present leader has not resorted to that kind of answer when this matter has been raised, but on more than one occasion has given us a much more sensible answer,

and I hope that he will continue to do so when the matter is raised.

There is no doubt whatsoever that bills such as these are very complicated. They deal mainly with income tax arrangements between Canada and other countries. These treaties are three of approximately 23 or 24 that will now be in force.

**Senator Thompson:** Twenty-four.

**Senator Grosart:** Senator Thompson says there are 24. There are approximately 15 that are under negotiation, and there will be others to come.

It is important that we get away from this rather absurd situation of being presented with three, two of which are called "conventions" and one an "agreement". As I have said, it makes no sense at all, and all of the literature, the decisions in international law, make it very clear that there is no sensible reason whatsoever for calling these similar contracts by different names. As I have indicated, it can lead to considerable confusion and redound in certain cases to the disadvantage of Canada.

The present pacts, of course, deal generally with the avoidance of double taxation on income tax, and with other matters such as withholding tax on dividends and royalties, capital gains, and some related matters. For this reason, it has been the practice in the past to refer such bills to the Standing Senate Committee on Banking, Trade and Commerce. I believe there was good reason for that, and there may still be, because of the very complicated nature of the tax implications for both individuals and corporations in the provisions of bills such as this, because the purpose of these bills is to implement—that is, to give effect in law in Canada to such conventions and agreements.

For example, it is interesting to note that the bill provides that the provisions contained in these agreements—I will call them all agreements for the moment—have the force of law in Canada. This is part, but only part, of the implementation of the agreements. The reason, again, is the prerogative of the Crown—that is, of the executive—in the matter of international treaties or agreements.

Any treaty entered into by Canada can be entered into by the executive without any reference, before or after, to the Parliament of Canada. That, I suggest, is an absurd and undemocratic situation. It is an impossible situation and one which should not be tolerated much longer. Those who may object to my remarks will naturally cite the famous Mackenzie King principle. Mackenzie King said on more than one occasion that it was intolerable that any treaty of substance dealing with such things as peace, neutrality, trade, on large contractual arrangements, should ever be entered into without prior reference to Parliament. This is said to be the doctrine. The Department of External Affairs will tell you that this is the current doctrine. It is the current doctrine far more honoured in the breach than in the observance. It has been followed sometimes, but not always, in the whole history of these types of agreements.

By the way, in Canada so far we have given 37 different names to these things. We play around with these names. This absurdity of nomenclature has also caused some serious problems in federal-provincial relations. I need only cite the situation in Quebec a few years ago when there was entered into what was called a "procès-verbal," which is a recognized term for a treaty or agreement in international law, between the Minister of Education of the Province of Quebec, the Minister of Education of France and the Director General of the Department of Culture and Technology in the French Foreign Office. Given the signatories involved, that was as clear an international treaty as one could think of. But the fiction was then resorted to that this should not be called a procès-verbal; that it should be downgraded in name. As a result, such agreements are now called "ententes."

Again, this points up the absurdity of playing around with names. Canada could take the lead right now and issue a description of the various types of agreements related to the levels at which they are negotiated—head of state to head of state, minister to minister, department to department, official to official, province to state, and province to foreign country. Some will say that this cannot be; that there are decisions that insist that the treaty-making power is exclusive to the federal authority.

Well, there are already famous cases in the law reports which make it clear that there are treaties recognized in international law between provinces and states and foreign countries. They are covered up by various devices, but there is no question that they exist. We all know of them. They include such things as agreements, if you like, about roads, about transport licensing, and so forth. Yet we carry on this fiction, and also the fiction that the federal government is sovereign in the sense that it can conclude and implement a treaty in any area, which, of course, it cannot.

We have the famous *Labour Conventions* case which makes it very clear that the federal government cannot enter into obligations in respect of certain powers which are given under the BNA Act exclusively to the legislatures of the provinces. This is one reason why the subject matter of treaties should be referred to the Foreign Affairs Committee of the Senate, thereby giving us an opportunity to initiate a discussion on what, to me, is a very important point.

When I use the word "treaties"—and it is impossible to avoid it—it is essential, I think, to say that in the accepted definitions there is a distinction made between what is called a capital or upper case "T" treaty and a lower case "t" treaty. There is no reason in the world why all of these conventions and agreements should not be called treaties if that is a decision that would clarify this whole area of discussion, which I believe it would. As I said, we have acceded to the Vienna Convention on the Law of Treaties, but we are not doing very much to implement our undertaking at Vienna.

In addition to declaring that the provisions of these conventions and agreements that are before us are declared to have the force of law in Canada, we also have—and you will find this in clause 5—a provision to the effect that if any other law

conflicts with these international agreements, the wording of the conventions and agreements prevails.

The minister is given the authority to make regulations, and I am glad to see the phrase "such regulations as are necessary for the purpose of carrying out the Convention (Agreement) or for giving effect to any of the provisions thereof." That now seems to be the current phrase, and I think we in the Senate can claim some credit for convincing the draftsmen in the Department of Justice never again to use the phrase "which the minister may think necessary." Clearly, the provision should be that the regulations must be shown to be necessary, so that any persons who feel injured by a regulation and have recourse to the law can at least plead, if they so believe, that the regulation in question was not necessary.

Finally, in clause 5 there is this very unusual and extraordinary provision—I am not objecting to it in principle—which considers the situation that will arise where it is found necessary to make changes and amendments in the provisions of the agreements and conventions. A device has been developed—and I will not go into it in any detail—whereby under the legislation the Governor in Council is given the authority to proclaim that such changes may also have the force of law in Canada. There may be a slight vacuum here, but the purpose is to give them exactly the same force in law in Canada as the provisions of the original agreements and conventions. But then it is provided that either house, or both houses acting together, may by a long and involved method intervene to revoke the supplementary provisions. I do not know what genius devised it. Of course we had this before us on another occasion, when the first genius who devised this method forgot all about the Senate and, as some honourable senators will recall, we had to correct that.

● (2050)

What it says is that any order made under this provision—that is, clause 10—shall be laid before Parliament not later than the fifteenth sitting day of Parliament after it is issued, and must be tabled in both houses of Parliament. Then, in a long, tortuous proceeding, either house—not less than 20 members of the Senate and not less than 50 members of the House of Commons—may file an objection with the Speaker. There is a five-hour limit on the debate, and if the decision is to concur in the objection, it goes to the other house. If the other house agrees, then the supplementary provision falls. If both houses do not agree the provision stands. This, I think, is probably a necessary device, because it would cause complications in international negotiations if it were necessary to come back to Parliament every time before implementation could be obtained on such agreements.

This raises another question which perhaps the sponsor of the bill, who, I know, has given a good deal of consideration to these matters, might be able to answer. Why, when these agreements—and there are many more to come—are reached and signed, do they not come to us immediately? Why do we get them in bundles? Is there any particular reason why we should wait? These particular conventions and agreements have been signed at different times. It would seem to me to make sense for them to come to us one at a time, each in one bill, instead of in this fashion, which makes it difficult to go through them to see what differences have developed over the years.

This is a new situation, or more or less a new situation. For a long time these conventions, agreement or treaties, or whatever you want to call them, tended to be almost exactly the same. In two that are before us—the one with the United Kingdom and the one with Jamaica—there are considerable changes vis-à-vis the existing ones, some of which are substantial, and which Senator Thompson pointed out in his introduction. The Korean situation, of course, is new, so there are no such changes in that case, but the changes in the other two conventions are exceedingly complicated. It would seem to me that in the case of the United Kingdom convention, for example, it would facilitate the consideration that must be given it if it were before us by itself, instead of having the Jamaica agreement, which also contains substantial differences from the previous one, included in the bill with it. There is a particular reason for this. In the case of developing Third World countries we are agreeing to tax percentages that we would not agree to in the case of countries that are not in the Third World.

While there may be a reason for it, I suggest it does not make any sense to deal with these treaties in an omnibus fashion. In fact, I believe the majority of us object to this method of dealing with any set of measures, and I hope that, in future, consideration will be given to letting us consider these conventions and agreements individually, and as soon as possible after they are signed. There is no reason for delay, and a delay of a month, two months, or three months can substantially affect those who stand to benefit, or otherwise, under the bill.

On motion of Senator Hayden, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 22, 1978**

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

Prayers.

## FOREIGN AFFAIRS

### COMMUNE OF THE PEOPLE'S TEMPLE IN JONESTOWN, GUYANA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 21 a question was asked by Senator Olson with respect to the commune of the People's Temple in Jonestown, Guyana. The question related to the possibility of Canadians being involved in the People's Temple incident. I should like to inform the Senate that the High Commissioner in Georgetown, Guyana, has checked on the situation and has been informed by the Guyanese authorities and the United States Embassy that there is no record of any Canadians at Jonestown, or at the People's Temple at Jonestown.

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government a supplementary question. Would he inquire whether any Canadians were ever members of the People's Temple religious sect? I ask this question because there have been reports that a so-called death squad, financially supported by a large sum of money, had been organized to kill some of the former members of the sect in the event that this mass suicide took place. This threat has been taken so seriously by some police authorities in the United States that they are providing protection for former or surviving members of the sect. Would the leader make inquiries to find out if any Canadians ever belonged to the sect?

**Senator Perrault:** Honourable senator, that may be difficult information to acquire. However, the question will be referred to the appropriate government source to determine whether any list of Canadians who were members of that particular organization is available. Generally, it is not the practice of government departments to attempt to establish the religious affiliation of any Canadian citizen.

## THE SENATE

### MEDIA COVERAGE OF QUESTION OF PRIVILEGE—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, yesterday Senator Riley asked the following question:

> Does the Leader of the Government or his office have any knowledge of any media coverage of the question of privilege raised yesterday by the Leader of the Opposition in the Senate, and the repudiation made subsequently by other speakers in reference to the allegations made in the other place, which actually were a reflection upon the integrity of this House?

I had an opportunity this morning to have a personal conversation with the chief of the Canadian Press Bureau in Ottawa, Mr. Arch MacKenzie. Additionally, Mr. MacKenzie provided a copy of a Canadian Press story transmitted nationally early Tuesday, November 21, concerning passage by the Senate of Bill C-5. I shall quote directly from his letter, as follows:

> This is in connection with your Senate remarks yesterday that you had seen nothing in the media about that action.

May I say that I have yet to see anything printed in the newspapers—although other senators may have read stories—based upon the report transmitted by Canadian Press to its subscribers on the morning of November 21. Mr. MacKenzie concludes:

> I repeat: It is a matter of serious regret that CP erred last week in reporting that the Commons had acted promptly on this legislation when in fact it took more than a month to do so.

On behalf of all honourable senators, may I say that we appreciate the explanation received from the bureau chief of Canadian Press, which endeavours to help set the record straight.

If any senators are interested in the Canadian Press story that was filed, it could be made available to them on an individual basis. I do not think it is the type of document that should form part of our proceedings.

**Senator Flynn:** Honourable senators, what I read in the press yesterday did not relate to the question of privilege. It related only to the passage of Bill C-5 in this house. It did not refer to the question of privilege that was raised, nor to the article that was published last Friday about the behaviour of the Senate.

**Senator Marshall:** Honourable senators, may I say to the Leader of the Government that I saw that press release. The headline stated that it was as a result of the rebuke by the House of Commons that we did indeed get the bill through very quickly—which again is hypocritical.

**Senator Perrault:** Honourable senators, the story was written by Douglas Long. I have a copy here. If the Leader of the Opposition has not received a copy, I will be pleased to make it available to him. Perhaps it is not the precise article that would have been authored by the journalists in our ranks. It still contains suggestions that Bill C-5 was rushed through under pressure, as Senator Marshall has suggested; but it does

suggest that some progress has been made in the matter of having the record corrected.

The story contains approximately 600 words and details quite carefully the interventions made by the Leader of the Opposition in this chamber, the Leader of the Government, Senator Croll, and others. That, really, is all I can say at this point.

## CANADA ELECTIONS ACT

CHANGE IN WRIT OF ELECTION—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 7 the Honourable Senator Forsey asked a question relating to the form for the writ of election in the Canada Elections Act. I understand that Senator Forsey has received a written explanation of this matter from Mr. Hamel, the Chief Electoral Officer. Honourable senators, if that reply is satisfactory—and I understand it is—we shall not need to deal with the matter again in this question period.

## ENERGY

AGREEMENT WITH ALBERTA ON PRICE OF OIL—TABLING IN SENATE—QUESTION

**Senator Olson:** Honourable senators, last Friday the Honourable Alastair Gillespie, Minister of Energy, Mines and Resources, agreed to table in the Commons—and this can be found at page 1231 of the Commons *Hansard*—a copy of the agreement between Alberta and Canada respecting future increases in the price of petroleum. He pointed out that this should have been tabled, as far as he is concerned, as a public document. I wonder if a copy of that agreement could also be tabled in the Senate.

**Senator Perrault:** I see no reason why the same procedure cannot be followed in this chamber. Immediate inquiries will go forward.

## POST OFFICE

INCREASE IN POSTAL RATES—QUESTION

**Senator Forsey:** Honourable senators, I should like to ask the Leader of the Government a question arising out of the announcement which I received on my desk yesterday about an approaching further increase in the postal rates. My question is, is it the intention of the government to introduce legislation to bring about this increase, or is it the intention to proceed in the same way as with the last few increases, that is, by means of a regulation under, if my memory serves me correctly, section 13 of the Financial Administration Act?

The reason I venture to raise this question, and perhaps I may be allowed to explain, is that twice now the Standing Joint Committee on Regulations and other Statutory Instruments has denounced, as highly improper, and possibly illegal, the method followed in making the last, I think, two increases. The report this year, which was concurred in by this chamber and by the House of Commons on April 19, said that this was a most improper way of proceeding and called the attention of both houses to this fact with a statement of reasons for this conclusion.

In view of that I am hopeful, and I should like some kind of assurance from the Leader of the Government, that this time the government might choose to proceed by the traditional and more proper method which was used before making the last few increases.

**Senator Perrault:** Honourable senator, at this time the answer is not available to the fundamental question with respect to the method which the government intends to employ in proceeding with the increase. The question will be taken as notice.

As far as the honourable senator's other observations are concerned, they will be transmitted immediately to the appropriate source of government.

**Senator Riley:** Honourable senators, I must apologize to Senator Forsey. I stood in my place just before he did because I was going over to speak with him. When I noticed he was getting up to speak, I resumed my seat. I hope I did not cause him any concern.

## BORROWING AUTHORITY BILL, 1978-79

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Langlois for the second reading of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act.

**Hon. Duff Roblin:** Honourable senators, I am gratified to see that the agreeable custom we have of according a round of applause to senators who rise to speak has been continued in my case. So far as I am concerned, I am well aware that it is not meant to encourage me too much. I should not be surprised that, after I have finished what I have to say, my remarks should not receive that universal approbation that a perfectionist would wish.

Bill C-7 provides us with a convenient opportunity to concentrate our attention—indeed, it ought to rivet our minds—on the sad state of government economic financial management in which this country finds itself mired. Canada and Canadians are rich in providential blessings. Laurier was right—the twentieth century should belong to Canada. Our original endowment of natural resources is still rich. Indeed, in some cases it is increasing with new discoveries such as we have seen in Alberta, or with conditions that have increased the market volume for those resources we knew we already had.

Our people are vigorous and enterprising, and perhaps more skilled and better educated to deal with the challenges of the times than they ever were. Our problems of productivity, which I do not minimize, or of industrial relations, innovation, and industrial structure are considerable, but they are within our capacity to manage. Therefore there is every reason to

assert confidence in our country. But, alas, it is quite another thing to propose the same confidence in our country's government.

The plain truth is that, in recent years Canada has been badly governed in federal economic and fiscal policies. We have gone dangerously astray and we can see in business circles, labour circles and, indeed, among people everywhere, a clearly expressed lack of confidence. It is not lack of confidence in Canada; it is lack of confidence in Canada's government.

Some members of Parliament have a very hard time understanding that there is a profound difference between the nation and its government. Criticism of the government is not *ipso facto* an unpatriotic exercise equivalent to running down the efforts of Canadians. The people of Canada understand that difference. They do not confuse any political party—not even the Liberal political party—with Canada. They know there is a difference. Their vote of last October was not a vote of no confidence in the country; it was a vote of no confidence in the government.

I think Bill C-7 gives ample grounds for their anxiety and concern because, in a peculiar sense it crystallizes the problems—indeed, it is a cameo of them—we are facing when we look at the bottom line in connection with the management of our federal affairs.

● (1410)

I have tried, in examining this bill, to look on the bright side, and I am glad to say there are a few good things that we can see and be grateful for. One thing that we can be grateful for is the fact that the bill we see today is not the bill that was introduced in the other place. It started out as a bill to authorize $17 billion worth of government borrowing, of which $7 billion was for current needs and $10 billion was in the form of a blank cheque on the future, in 1980. It is with a sense of relief that a number of us, I think, in this house, as well as in the other place, noted that during the committee stage in the other place some sane adviser had an access of wisdom and persuaded the Minister of Finance to withdraw this demand for the $10 billion blank cheque, leaving us with this balance of $7 billion to consider today. I for one am thankful that a precedent so destructive of Parliament's remaining powers of financial supervision was indeed killed—and in the nick of time. As you might expect, I ascribe some credit to the opposition in the other place for this turn of events.

However, this leaves us with the present request for an additional authority to borrow $7 billion and, in my view, to make good the mistakes of the government in 1978. It was only in March of this year that the Minister of Finance told the Parliament of Canada that his capital borrowing requirements at that time were ample, and more than ample, to meet the needs of the country for the fiscal year still in progress. Today we find we have an additional bill to contemplate of $7 billion, for two purposes—to finance the deficit on the current budget, and to provide the means to support the international value of the Canadian dollar. I want to look at both those propositions.

The current financial budgetary shortfall for this year—that is, the excess of expenditure over revenue—is now thought to be $12.1 billion. This means that in 1978 we are going to have to borrow about 25 cents for every dollar that we spend. That amounts to about 5 per cent of the gross national product that will have to be borrowed this year to finance the Government of Canada. I put it to this chamber that this deficit is clearly insupportable, both in absolute terms and as a proportion of total spending, and with its relation to the Canadian gross national product.

To set this Canadian deficit of $12.1 billion, or 25 cents per dollar that we are going to spend, in some sort of proportion a comparison with the United States might be illuminating. The American budget deficit for the same period is estimated to be $38 billion. This is an enormous sum. We know what the effect of this prospective deficit has been on both the internal and external financial difficulties of the United States of America relative to inflation in that country and to the value of its dollar.

Yet proportionately, if the United States deficit were as big as the Canadian deficit, to match ours it would not be $38 billion but something over $120 billion. Their deficit of $38 billion to match ours on a proportionate basis would thus rise three times if we compare the relative economic significance of the deficits of the two countries. Large as the $38 billion down there is, it is almost impossible to imagine the consequences if that were actually $120 billion, and if the United States, in connection with its deficit, were as undisciplined a country as we have shown ourselves to be.

There are some other useful comparisons to be made that illuminate the record of this government's management in recent years. We can look at some other governments where I trust reasonable comparisons can be made. If any senator thinks that I am taking an unfair advantage of statistics, which is always a great temptation in an address of this sort, I welcome correction that anyone might offer at a later date. I take the United States of America, the United Kingdom, West Germany and this country as a reasonable cross-section, a reasonable spectrum, of the industrial nations of the world. I invite you to look at the central government spending in those four nations, with 1973 as the base and with 1978 as the concluding period, after excluding inflationary factors in each country so that we find a common basis on which these figures may be compared. So, excluding the inflationary factor, taking 1973 as 100, we find that in the United States central government spending has risen to 123 in 1978. In the United Kingdom, the same series shows 100 in 1973 and 125 in 1978. They usually regard it as the horror story of this type of thing. In West Germany, with 1973 as 100, the spending of the central government increased to 128 in 1978.

In our own case, the same base of 100 in 1973 gives us a federal government spending in 1978, after excluding the inflationary factor, of 148. I think that is cause for some reflection. We can see here that Canadian government spend-

ing, after excluding inflation, has increased twice as fast as that of these other nations which we are inclined to compare ourselves with in matters of this kind. What is worse, it is still rising because the present government indicates to us that it is more of the same as far as Canada is concerned.

Let us take another measure which is relevant to the figures we are discussing in respect of this bill. Let us take a look at central government borrowing for the same four nations as a percentage of the gross national product. I am going to give the figures for the current year, which are close estimates, and which I think indicate the trend of events.

In the case of West Germany, central government borrowing was 2 per cent of the gross national product and falling—I stress the words "2 per cent and falling"—over the period. In the case of the United States, that percentage is the same—2 per cent and falling. In the case of Great Britain, it is above that at 4 per cent and falling.

When we come to the Canadian federation, we find that central government borrowing is 5 per cent of the gross national product and rising strongly. The new budget we have just listened to tells us that we can expect more of the same.

Figures of the United States Bureau of Labour indicate that Canada has the highest rate of unemployment among the industrial countries. If the observation is made that this may be an exaggeration, I have no comment except to say that no matter, unemployment in this country is deplorable by any measure. Indeed, the new budget, in my opinion, promises more of the same.

We have recently been told that inflation figures and unemployment figures are improving. If this is so, I join with all who are thankful to see such a result, and I express my hope for an improvement that will be both real and sustainable, but the sad fact is that there is no evidence, even after the budget of the other day, that the government has truly altered its financial course to give some ground for hope in the direction I have mentioned.

The new budget, as we all know, calls for expenditures of $51.1 billion. I think that is one of the lower of the several figures mentioned. It calls for a revenue of $38.15 billion and a financial deficit in the coming year of $12.9 billion, which is indeed higher than the one we face today. I think one does not have to be a prophet in Israel to suggest that before the current year elapses we will find that this amount of $12.9 billion is somewhat higher.

The federal expenditure is still rising faster than the federal revenue. The size of the deficit is still growing. I think we may even take some exception to the spending cuts that are claimed because some of them, at least in my opinion, are cosmetic in an important particular. Part of the expenditure cuts that have been advertised so widely—cuts, indeed, that I think are placed largely in the future—are at any rate proposed to be achieved in large degree at the expense of others.

● (1420)

We see, for example, that there is going to be a change in the equalization formula. They are going to remove from that formula certain provincial revenues which formerly were included. The result of that particular proposal, of course, will probably mean that the have-not provinces will get less than they otherwise would by some considerable measure indeed.

[Senator Roblin.]

We have seen the unemployment insurance changes, and there will be an opportunity to debate them in detail later. One had hoped for basic reforms which would indicate that we were getting away from the dole and getting to work as a solution to our problems, and that we were going to solve the contradiction between welfare and insurance, which are so intimately bound up in the act as it stands at the present time. But instead of those basic reforms, which the system surely needs, we find some reforms which transfer the costs, to some extent at least, to the backs of the unemployed in the Atlantic provinces, and certainly raises the suspicion, if not the certainty, that as a result provincial welfare costs will be higher in order to make up for the changes in that act.

I might suggest that a third reason for thinking that some of the proposed economies are more illusory than real is that the federal contributions that are proposed to provincial costs of health and secondary education are to be reduced. These very serious proposals in previous financial undertakings and assurances that were given to provincial treasurers are now under pressure. If the provincial treasurers refuse to accept the change, as I suspect they will, we have been warned that other financial undertakings of the federal government will be reduced instead. So, as a result, they will certainly be no better off in the provinces than they are now.

I suggest there are some grounds for thinking that the system that we have seen deployed since August 1 by the spokesmen of the federal government is not so much cost-cutting as it is cost-shifting, and to a very large extent there has been a blurring of the real federal economic posture in this connection. I have to say frankly that such a way of handling this matter does not commend itself to me, because there are other policies, there are other ways and means of getting our federal finances under control. There are real possibilities which have not yet been explored, by which we can better adjust our revenues to our expenditures, and I am going to take advantage of the fact that this is a body with a regional responsibility to indicate exactly what I mean by reference to the province of Manitoba.

In 1978, this present year, the Government of Manitoba brought in its expenditure budget, and it was not 12 per cent over the previous year, or 11 per cent, or 9 per cent; it was 3 per cent over the previous year. In other words, it was keyed right in to the prospective increase in the gross national product, without an inflationary factor, as being a realistic way in which to try to get the finances under control—and it seems to be working. The expenditures increased to 103 from 100 in the previous year. The number of civil servants in Manitoba was reduced by 1,800, which is 13 per cent of the inner staff, and it was done without the blood-letting that one would think from reading the newspapers these days, because by far the vast majority of those civil service positions were

dispensed with through attrition, and not because of any other aspect of the matter.

I just happened to overhear one of my honourable friends say that the federal government was stuck because it had statutory obligations. Well, that does not seem to bother them very much when they really don't want it to, because I can think of many occasions and instances, that I have already mentioned in my remarks today, in which they have not allowed a statutory obligation to deter them from shifting some of the burden from their own backs to the backs of others.

Going on with the Manitoba situation, the deficit in 1977 was $214 million. In the current year it is coming down to $130 million, and it will go lower. In addition to all those things, there has been a tax cut in that province of $83 million. If you are looking for a possible pattern, there it is. I do not say it is the only one, and I do not say that in all particulars it fits the exigencies of federal finance—I will grant that to honourable gentlemen opposite—but I do say it gives you some idea of what can be done if you happen to subscribe to this particular way of looking at things. I see in a recent newspaper report that someone has made calculations that if the policy were followed in the federal administration, our taxes would be down by $2.2 billion and, what is perhaps even as important, our deficit would be down by $4 billion. So I suggest to you that things can be done.

Rigid economies in Manitoba? Yes, indeed, but—and I want to stress this—no material cut in either the quality or the availability of essential government services. Pulling in the belt? Of course, but not to the extent where there has been an unreasonable diminution in the quality or quantity of the services that are available to the people of that province.

**Senator Thompson:** What about the employment record?

**Senator Roblin:** The employment rate, according to the latest figures, is the best in Canada. I am happy the honourable senator asked me the question.

**Senator Guay:** It is always pretty good in Manitoba.

**Senator Roblin:** The honourable senator from St. Boniface says that it is always pretty good in Manitoba. I think he is right. We do not always agree on everything, but we can certainly agree on that.

The truth of our situation is that federal spending is still not cut back. The federal deficits are still not being cut, and it is no wonder that we have trouble in supporting our dollar, because we have to add to this situation the balance of payments problem in Canada. In 1977 the estimated balance of payments shortfall in this country was $4.15 billion, and for the same period in the United States it was $15.2 billion. If I go through the same exercise of making proportional comparisons, I can say again that our deficit is three times as serious as it is in the United States on a proportional basis. Perhaps we are going to do better in 1978. I for one profoundly hope so, because it is one of the bench marks upon which foreigners rely when considering the value of our money.

The situation we are in is that we need to borrow to support the Canadian dollar, and we feel compelled to match and overmatch United States interest rates. So what a harsh light this borrowing of billions of dollars to support our dollar throws on the credibility of the management of Canadian government affairs because, believe it or not, until quite recently we were deliberately forfeiting credibility in our international posture by the vain pretense that we had a floating dollar, when all we were doing was making a few smoothing adjustments to ensure it did not rise or fall too fast. In fact, no later than last September—only 60 days ago—at the International Monetary Fund our Minister of Finance was still supporting this point of view.

Of course, the Governor of the Bank of Canada blew the gaff. He came clean with the Commons committee the other day, to make it quite clear that that was not what we were doing. In fact, no one was ever fooled. Certainly no one in the international financial world was ever fooled. They saw through this official fiction. They saw the billions of dollars being spent, and they recognized, if I can quote a pregnant sentence from Mr. W. A. Wilson, "the government's inability to speak to the country with clarity and frankness."

When you add that situation to our domestic deficits, you can understand why the responsibility for extra cover for the dollar rests squarely on the shoulders of the present administration. Indeed, if we bring in this bill as part of our public finances, we shall find that the interest on the public debt alone will rise from $5.47 billion last year to $8.25 billion in the year to come. If you want to get out your slide rule, you will find that is an increase of 66 per cent. How do you like that—a 66 per cent increase in the cost of carrying the national debt in one year! I don't know whether that has ever been matched in the economic and fiscal history of this country before, either by a provincial government or a federal government. It is certainly a record of which no one can be proud.

The cost to the private sector is perhaps beyond calculation. No one knows how much of the federal debt is going to be monetized by the Bank of Canada, and the fires of inflation fed in that way. But we do know that it is going to be too much.

So what a vicious circle we find ourselves in. The international price of the Canadian dollar depends on the health of the Canadian economy, and the wisdom of the managers of that economy. We now have interest rates which have been raised six times this year, a total increase of 3.25 per cent. This is bound to weaken our economy; it is bound to affect inflation adversely; it is bound to affect employment and output; and Canadian citizens and Canadian industry are bound to be hurt. We are going to find that the public revenues are depressed by this measure and the public expenses increased.

• (1430)

Many people might be tempted—and I am one of them—to make a comparison with our situation and recent economic history in the United Kingdom. The United Kingdom tried to support the pound in just the way we are trying to support the

dollar. They tried to buy pounds in the market, and tried raising interest rates to figures which even we have not reached at the present time, but all to no avail. They found that they could not buy confidence, any more than they could buy credibility that way. They had to buy it by the use of really effective measures. They therefore had to submit to supervision by the International Monetary Fund. They reduced the rate of government expenditure and government borrowing drastically; they introduced neo-free enterprise policies à la James Callaghan, which has to be one of the most revealing situations in public affairs in a long time. They brought in an incomes policy. They lowered the tax on enterprise. They had a little help from North Sea oil, and as a result they got the pound under control and brought inflation down from 16 per cent to 8 per cent. Now, however, tragically, with the collapse of the incomes policy in that country in the last few days, that evil cycle may start up again.

There is a moral, and the moral is that credibility and confidence are essential to a sound currency, with all that it means in terms of inflation, productivity and growth. But confidence and credibility are commodities that cannot be bought. They certainly cannot be obtained by buying the dollar, and they cannot be obtained by increasing the interest rate. These commodities have to be earned. The point I want to make today is that this government has not done enough to earn either confidence or credibility.

We are being asked to vote this $7 billion loan for a government which has failed to earn confidence at home or abroad. It has forfeited credibility in the international community, and it has certainly forfeited credibility among the Canadian voting public. Its failure over the last few years in this regard is all the more monumental because we had a good reputation, indeed an excellent reputation, for being in control of our national, fiscal and economic affairs. This reputation, I am afraid, has been dissipated. It has gone with the wind.

There is, alas, no present expectation that we can, early or soon, no matter who has responsibility for the government of this country, regain our reputation for sound and prudent management of the federal finances. The government has called the tune, it is true, but it is the public that must pay the piper, and I, for one, honourable senators, reprobate the policy which has brought this bill before us, and I condemn the government which is forced to recommend it.

**Senator Guay:** I am wondering if the honourable senator would allow me to ask a question.

**Senator Flynn:** Why not?

**Senator Guay:** The honourable senator has made a very good speech, but I noticed that he omitted any reference to his own term as Premier of Manitoba, from the time he took over the office from Mr. Campbell—and there was a lot of money in the bank in those days—to the time that he left it. I think it would be quite contradictory of the present Conservative government of Manitoba, of which he has painted a very nice picture.

[Senator Roblin.]

My question concerns his intentions in putting forward Manitoba as an example for the federal government to use with regard to transfer payments. We all realize that the federal government participates 50 per cent in medicare, as it does in welfare and hospitals, and we must bear in mind the fact that the cut-backs that take place would reduce the participation by the federal government. Does this mean that he would expect the federal government to cut back in these various sectors by using the example he so vividly brought to our attention? I do not think this is the case, but I want to be sure of what he meant.

**Senator Roblin:** Well, that was an interesting series of question. It was a pleasant little speech, and I am inclined to congratulate my friend on it and give him the best answer I can.

**Senator Grosart:** Ask a damn fool question—

**Senator Roblin:** —and you get a damn fool answer.

Well, however that may be, I am rather flattered that he should make reference to my term of office in Manitoba. That was so long ago I would have thought he would have forgotten all about it, but obviously he has not. He knows, of course, that we gave the province excellent government. That is not to say that we did not make any mistakes because we did—we made plenty of them—but I think we were right more often than we were wrong. Insofar as the public finances are concerned, when I left the government of that province the provincial debt was minuscule. We had money in the bank. The government next but one after mine, which was of a different political stripe, was able to get along very well on the money that Roblin and his friends had very unwisely left in the treasury.

My honourable friend asks me about shared programs, and he talks about 50 per cent of health costs, 50 per cent of welfare costs, and 50 per cent of secondary education costs being borne by the federal government. Surely he knows that that is not so. He was a member of the other place for the last few years and he knows perfectly well that all those 50 per cent programs were done away with. As a result, we have a per capita payment, which may or may not be 50 per cent. The point he is trying to make is a valid one. How do we get out of this difficulty? I do not really think there is any immediate way we can get out of it. There is going to have to be a process of adjustment.

What I have been trying to indicate is the reason why we got into this mess in the first place. This is not something that could not have been foreseen. We have seen the deficit, if you want to take that particular example, starting about four or five years ago, creeping up. We knew about this. We just did not manage our affairs properly. If we had we would not be into these kinds of programs. Speaking for myself, I can remember an occasion when the federal government wanted to press money into the Manitoba treasury sack, and I resisted it on the grounds that I did not think it was a good thing for the province or the nation. We got it just the same, and we would have been very foolish if we had not spent it, would we not?

If the policies had been right from the beginning, the situation may have been different. Errors can be made, of course. Nobody is perfect, and it is nice to have hindsight, but just the same, speaking for myself, I am on the record as having made it clear that some of these programs of which my honourable friend speaks were not designed in the best interests of my province, or the country, and therefore I feel quite free to criticize them now, as I do, and as I criticized them at that time.

**Senator Bosa:** I wonder if Senator Roblin would permit me to ask a much shorter question than the one asked by my colleague. Senator Roblin quoted several comparisons with regard to inflation, government spending and deficits as between the United States, England and West Germany. Did his research also extend to job creation and the standard of living in those countries? Furthermore, did he also consider the interest rates that are now being charged by the Bank of England?

**Senator Roblin:** Let us deal with the interest rates being charged by the Bank of England, seeing that that question has been raised. That has been brought about because of the failure of the incomes policy, which recently collapsed. The government of Great Britain was trying to hold to a 5 per cent wage increase in the United Kingdom, which certainly their conditions amply warrant, but the trade unions refused to go along. As I mentioned in my speech, the fact that that happened probably means that the United Kingdom's progress will largely come unstuck unless something is done about it. That is the reason why their interest rate is now something like 14 per cent—almost as high as it was previously when they had the same kind of problem. I recognized that point, and covered it in what I had to say.

I am glad my honourable friend mentioned job creation, because I think it only fair to say—and I am glad of the chance to say it—that there has been a remarkable increase in the number of jobs in this country, and there is no point in trying to minimize that or overlook it. It is a good thing, and we can be thankful for it. The only problem is that it has not dealt with our problem to the degree that it should. Job creation has to be reflected ultimately in the percentage of unemployed, and if we have the worst unemployment in the industrial nations, as at least one authoritative body seems to think, it is pretty cold comfort to say, "Yes, jobs are increasing faster than they were." If they are increasing faster, let us accept that and let us be glad of it, and let us try to make it better, but I would not like to think that that solves the problem. I hope that answers the question.

**Senator van Roggen:** May I also ask the honourable senator a question?

**Senator Flynn:** Why do you not make a speech?

**Senator van Roggen:** No, I do not intend to make a speech. I will just keep it down to a question. If I were to make a speech I might be tempted to preface my question with a remark about the demands of the opposition in the other place for more expenditures in every single budget in the last seven years.

**Senator Grosart:** Not true.

**Senator Flynn:** That would indeed be the subject of a speech.

**Senator van Roggen:** But I do not want to get into that.

**Senator Flynn:** And it would not be true.

**Senator van Roggen:** Honourable senators on this side of the house are just as concerned with the economic problems we are facing at the moment as honourable senators on the other side, but my question is simply this: Insofar as this particular bill is concerned, Senator Roblin, is there really any alternative at the moment but to deal with it and pass it? Is there a solution to this problem in opposing this legislation?

• (1440)

**Senator Roblin:** Alas, there is very little hope of being able to remedy the situation of finding some death-bed repentance which will eliminate the need for this bill.

What we are facing, and what I tried to explain—obviously not too well—is that this bill really crystallizes the whole situation, if you want to look at it that way. This is the culmination of what has been going on in the country for many years. It enables us to bring into one little argument on one little bill some of the thoughts we have about the mistakes that we have made—and I say "we", not "you" or "they"—in this country over the years.

What recourse the Minister of Finance has now I do not know. He could let the dollar really float with no support to it. I share my own uninformed, and perhaps unreliable, candid opinion that it would be a good idea if he did let it float. We might as well get this thing over with and find out what is going to be done with it. It would be much better to lance the boil than to apply some ineffective poultice, which is what we may well be doing. How could we do away with this bill? I would say, stop supporting the dollar. I know I would get into a regular donnybrook with a lot of experts on that. I do not present my opinion as being an authority. You asked me for my solution, and that is what I attempted to present.

**Senator Grosart:** Perhaps the alternative to the passage of the bill that Senator van Roggen has in mind—

**Hon. Senators:** Question?

**Senator Flynn:** He is making a speech. What's the problem?

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

**Senator Flynn:** He does not have to put a question.

**Senator Grosart:** We seem to have some experts on the rules who do not know the rules. I am rising to make a speech, as I am perfectly entitled to do. I did not say I was asking a question.

**Senator Denis:** A maiden speech?

**Senator Flynn:** It is about time you made yours, Senator Denis.

**Hon. Allister Grosart:** I rise to speak on the motion.

Honourable senators, I was about to say that perhaps the alternative to the passage of the bill which Senator van Roggen had in mind would be its defeat in the Senate and the subsequent reaction of the government, which I would think could only be resignation. Then we would have an election and the formation of a new government which is obviously the only solution to the problem which Senator van Roggen has placed before us.

I am sure honourable senators would be very happy to note that that is the shortest speech I have made in many years.

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

**Hon. Léopold Langlois:** Honourable senators—

**The Hon. the Speaker:** I wish to remind honourable senators that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate.

**Senator Flynn:** In one way.

**Senator Langlois:** Honourable senators, this afternoon we had the kind of debate that I had expected. I have taken quite a few notes to prepare myself to answer the speeches made by Senator Roblin and Senator Grosart, although the last one was very short indeed.

While listening to the remarks of Senator Roblin, I wondered whether or not he was in this chamber when the Leader of the Government made his excellent exposé on October 18 during his speech on the motion for an Address in Reply to the Speech from the Throne. At that time the leader put on record the Canadian economic situation in comparison to that existing in other countries, and especially those forming part of the Organization of Economic Co-operation and Development. I checked our debates and discovered that Senator Roblin had in fact heard this very excellent exposé, and I am surprised that in these circumstances the honourable senator put on record the arguments that he did this afternoon.

Even although some of his arguments this afternoon were to the point, I would say that they were lacking in many respects, especially when he referred to provincial deficits of this country and particularly the deficit of the Province of Manitoba. I think it would have been very interesting if he had given us the total amount received by the Province of Manitoba in transfer payments and in cost-sharing programs. However, he left that out. If he had put on the record those very important figures, we would have been able to appraise his estimation of the real deficit and financial situation of that province. We could then have seen how much funding this province had received from the federal treasury. The question was put to him by honourable senators—and I wish to repeat it—and he should have told us, when he suggested that the federal government should cut its spending, if he included in that the transfer payments to the Province of Manitoba.

**Senator Grosart:** He answered that.

**Senator Flynn:** You do not have to belabour that point. He replied to it.

[Senator Flynn.]

**Senator Langlois:** I am making my speech. If you wish to make one, my friend, go ahead and do so.

**Senator Flynn:** I am just asking you to be relevant for once.

**Senator Langlois:** If you want to comment on my speech, you will have ample opportunity to do so. I am willing to resume my seat immediately if you wish to do so.

**Senator Flynn:** That would be improper as it is improper to be irrelevant.

**Senator Langlois:** This would not be the first time that you have made irrelevant comments.

**Senator Flynn:** It may not be the first time, but I don't do it as often as you.

**Senator Langlois:** It is very easy to throw the ball back when you have it in your own back yard.

I will not comment much further on Senator Roblin's speech except to put on record a few figures that may be of interest to the house. I have here a table showing the rate of growth of direct Government of Canada debt outstanding and those amounts expressed as a percentage of the GNP. This table covers the period December 31, 1967, to August 31, 1978, the last figures obtainable for the second quarter of this year. In order to give full information, I shall start by quoting the figures for 1967. On December 31, 1967, the amount outstanding was $20.8 billion, which was 31.3 per cent of the GNP. On December 31, 1977, the amount outstanding was $49.6 billion, which was an increase of 19.5 per cent over the previous year but which was only 23.6 per cent of the GNP. On August 31, 1978, which was the end of the second quarter, the amount outstanding was $57.1 billion, an increase of 15.1 per cent, which represented 24.8 per cent of the GNP.

To my mind this indicates that there has been a favourable comparison between the increase in the amount outstanding and the increase percentage of the GNP.

Another comment that I should like to make about Senator Roblin's speech this afternoon is that he described the oil finds in the North Sea as being of "little help" to Great Britain. I read in a prominent British newspaper last week that a member of the government had described it as a "godsend." That is a little more than a "little help."

**Senator Flynn:** If it comes from God.

**Senator Langlois:** Even when comparing the economy of the Canadian nation to that of other countries, particularly Great Britain, the honourable senator was obviously not too anxious to place the complete picture of the situation before this chamber.

He also made reference to the change made in this bill as compared to the original bill; that is, that the authority sought was reduced by $10 billion. He should have referred to the statement the minister made in the committee of the other place when he explained that it was merely a delay, and that he had dropped this amount from the original bill because he intended to seek another borrowing authority after the introduction of his budget.

• (1450)

**Senator Roblin:** And here I thought so well of him. I was trying to congratulate him. Now you have destroyed the basis of my congratulations.

**Senator Langlois:** You can forget about it, then.

Honourable senators, that is all I wish to say. Before resuming my seat, I come back to a statement I made when I introduced this bill the other day, when I suggested that it should be referred to Committee of the Whole after receiving second reading. At that time I had in mind inviting the Minister of Finance to come here in order to answer the questions that honourable senators might wish to pose to him. This morning I contacted the Minister of Finance and made that suggestion to him, but although he was quite willing to come, he unfortunately has a very bad cold. Also, he has a meeting with Mr. Vance, and there is a vote on his budget in the other place this afternoon. He told me that in these circumstances he could not be available for the Senate this afternoon. I then suggested tomorrow, but he said, "Tomorrow I don't even know if I will be in bed or in the house."

**Senator Flynn:** It is the same thing for us.

**Senator Langlois:** In these circumstances, having discussed this with the Leader of the Opposition, I think there is only one alternative left. I do not think we can leave this important measure on the Order Paper when we adjourn this week, and we should consider the possibility of sending it instead to the Standing Senate Committee on National Finance, which is sitting at 9.30 tomorrow morning. I have not discussed this yet with the chairman of the committee. We could arrange to have the bill sent to that committee for tomorrow morning. Therefore, after this bill has received second reading I propose moving that it be so referred to that committee.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

**Senator Langlois:** Honourable senators, I move that this bill be referred to the Standing Senate Committee on National Finance.

I am now told it is possible to arrange for a meeting of the committee this evening. We could discuss that, and send out notices for a meeting of the committee either this evening or tomorrow, if honourable senators so prefer. I am told that the deputy minister will not be able to attend, but the parliamentary secretary will be there with the official who was the expert witness on this bill when it was considered by the appropriate committee of the other place.

**Senator Flynn:** I would much prefer to have the bill referred to Committee of the Whole. I am very sorry that we cannot have the minister here this afternoon, because he is really the only one who could give useful answers to the questions we want to pose. If my understanding is correct, we cannot have his parliamentary secretary here. If we could have him here we could proceed right away with consideration of the bill in Committee of the Whole.

**Senator Langlois:** Under our rules we cannot.

**Senator Flynn:** This is the point I wanted to clarify. I can't see why the parliamentary secretary cannot come into the chamber, but the minister can. That may be correct, but I am not convinced.

**Senator McIlraith:** We could waive the rule.

**Senator Flynn:** Yes, we could waive the rule.

**Senator Langlois:** This would be quite a precedent.

**Senator Grosart:** We can waive any rule.

**Senator Flynn:** In any event, it seems we cannot have Committee of the Whole this afternoon. If the bill is to be referred to the Standing Senate Committee on National Finance, perhaps it would be better to have the meeting tomorrow morning, just in case—this may be wishful thinking on my part—the minister feels better tomorrow morning. I would rather have him appear before the committee than the parliamentary secretary. Who knows, the minister may feel better tomorrow than he thinks he is going to feel.

**Senator Perrault:** Honourable senators, I had an opportunity to have a personal discussion with the Minister of Finance today, and he really is in a very distressed condition. He has had influenza.

**Senator Flynn:** I hope it is not because of us.

**Senator Perrault:** The effect of the Senate can only be beneficial to one's health, so it cannot be suggested that the Senate has caused this. In his current condition he anticipates that the odds very much favour his absence from Parliament Hill altogether tomorrow. He stated that under normal circumstances he would be more than delighted to meet with the Committee of the Whole.

**Senator Flynn:** What is normal? The bill?

**Senator Perrault:** Normal health.

**Senator Flynn:** Oh, I see.

**Senator Perrault:** And a normal agenda. Today the minister is involved in very important discussions for all Canadians with Mr. Vance, and there are other meetings later this afternoon. We simply set forth the facts. It would certainly be satisfactory to have the minister attend tomorrow, but no guarantee can be provided. Under the circumstances, honourable senators, I think the best course of action is to have the same officials who met with the Commons committee, together with the very eloquent parliamentary secretary, who has met before with members of committees of this house.

**Senator Flynn:** Who is he, this very eloquent parliamentary secretary?

**Senator Perrault:** Mr. Martin, who is extremely able, and has impressed all members of the Senate when he has appeared here.

**Senator Flynn:** Tomorrow?

**Senator Langlois:** Tomorrow.

Motion agreed to.

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

SECOND READING

The Senate resumed from Tuesday, November 14, the debate on Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act.

**Hon. Jack Marshall:** Honourable senators, I am sure you will find that Bill S-6 is not as controversial as Bill C-7, which was just responded to by Senator Roblin.

First, I congratulate the sponsor of this bill, my Newfoundland colleague, Senator Lewis, for his able presentation of its contents. I apologize to him and to other honourable senators for the apparent delay in my response since second reading on November 14. My seat-mate that night indicated, after he had asked a few questions of the sponsor, that I was much more knowledgeable than he about Bill S-6. At that time I was not very knowledgeable about it, and I commend the officials of the Department of Transport for their briefing on what I feel is one good bill presented by the government, and one that should be passed quickly by this chamber.

● (1500)

**Senator Flynn:** They are bound to be right occasionally.

**Senator Marshall:** That's right—by accident.

As the sponsor of the bill indicated, the object is to provide continued exemption from the provisions of the Combines Investigation Act, which will take effect in April 1979, on the expiration of the existing Shipping Conferences Exemption Act which came into force in April 1971.

I think it is important to put on record certain passages from the document entitled "Legislation governing liner conferences serving Canada," issued by the Minister of Transport, as follows:

> The Act excludes from the provisions of the Combines Investigation Act those contracts, agreements and arrangements that (1) require the use of conference tariffs by members; (2) require conference members to carry out patronage contracts (provided that a contract allows ninety-day termination, not more than 15 per cent differential between contract and non-contract rates, and makes no provision for the payment of rebates); (3) provide for allocation of ports; (4) regulate the time of sailings and kinds of service; (5) provide for cargo or revenue sharing; and (6) regulate the admission and expulsion of members.
>
> However, conferences are not exempted in cases of any contract agreement or arrangement wherein (1) a vessel is used for preventing or unduly lessening competition by a non-conference line; (2) cargo is refused because its shipper had used a non-conference service; and (3) a non-conference carrier is prevented from using, or is limited in the use of a port or other facility or service.
>
> Conferences are further obliged to supply to the Canadian Transport Commission a certified copy of (1) contracts and agreements between members of the conference; (2) notice of membership changes; (3) conference tariffs; (4) standard forms of patronage contracts; and (5) all revisions or alterations to the foregoing. Notwithstanding the Act, the Director of Investigation and Research appointed under the Combines Investigation Act may, upon his own initiative, and upon direction from the Minister of Consumer and Corporate Affairs or at the request of the Restrictive Trade Practices Commission, carry out an inquiry concerning the operation of any shipping conference.

I am sure that this document entitled "Legislation governing liner conferences serving Canada" contains lucid answers to all the questions that honourable senators may have. It explains in layman's terms what the provisions of the bill mean.

I have no hesitation in supporting the changes which bring the act more up to date, and I have no hesitation in saying that this measure is in the best interests of an international transportation service in Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Lewis** moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, which was presented on Monday, November 20.

**Senator Riley:** Honourable senators, in the unavoidable absence of the joint chairman of this committee, I move, seconded by Senator Godfrey, that this report be adopted.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, November 23, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report on operations under the Regional Development Incentives Act for the month of September 1978, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report on the administration of the Canada Student Loans Act for the loan year ended June 30, 1977, pursuant to section 18 of the said Act, Chapter S-17, R.S.C., 1970.

## PRIVATE BILL

J.H. POITRAS & SON LTD.—REPORT OF COMMITTEE PRESENTED

**Senator Goldenberg**, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, November 23, 1978

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the Bill S-8, intituled: "An Act to revive J.H. Poitras & Son Ltd.", has, in obedience to the order of reference of Thursday, November 16, 1978, examined the said bill and now reports the same with the following amendments:

1. *Page 1, Preamble:* Strike out line 30 and substitute the following: "dissolved;"

2. *Page 2, Preamble:* Strike out line 2 and substitute the following: "pany as if it had been dissolved; and"

3. *Page 2, Preamble:* Add, immediately after line 2, the following paragraph:

"(f) since the Company is a body corporate to which Part I of the said Act applies and since there is no provision in the said Act for the revival of a company that has been dissolved, the Company cannot be revived except by a special Act of the Parliament of Canada;"

Respectfully submitted,
H. Carl Goldenberg,
*Chairman*

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

**Senator Goldenberg** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

**Senator Laird**, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Agriculture
Banking, Trade and Commerce
Health, Welfare and Science
National Finance
Regulations and other Statutory Instruments
Transport and Communications
Constitution (Special)
Northern Pipeline (Special)
Retirement Age Policies (Special)

(For texts of reports, see today's *Minutes of the Proceedings of the Senate.*)

## BORROWING AUTHORITY BILL, 1978-79

REPORT OF COMMITTEE

**Senator Everett**, Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, and had directed that the bill be reported without amendment.

THIRD READING

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

**Senator Langlois:** Honourable senators, with leave, I move that the bill be read the third time now.

**Senator Flynn:** Do I understand that there will be royal assent this evening and that giving leave for third reading now would accommodate the government?

• (1410)

**Senator Langlois:** If this bill is passed on third reading this afternoon there will be royal assent scheduled for 5.45 this afternoon.

**Senator Flynn:** This is the wish of the government?

**Senator Langlois:** Yes, if it is the wish of the Senate.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time, on division.

## THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A)—REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

**Senator Barrow:** Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1979.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker:** It is agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report see appendix, p. 261.*)

**The Hon. the Speaker:** When shall this report be taken into consideration?

**Senator Barrow** moved that the report be placed on the Order Paper for consideration at the next sitting.

Motion agreed to.

## NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

**Senator Olson:** Honourable senators, may I inform the members of the committee that the meeting will be held in room 256-S, which is a change. An *in camera* meeting will start shortly after 3 o'clock to consider an unusual matter, and beginning at 3.30 o'clock the committee will hear witnesses from Foothills Pipe Lines (Yukon) Limited.

Motion agreed to.



## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, 29th November, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, November 27, 1978, at 8 o'clock in the evening.

Before the question is put, I would think a word of explanation is appropriate.

**Senator Flynn:** Required!

**Senator Langlois:** I should like to give as much information as I have now with respect to Senate business for next week. I think it would be well to adopt this week's procedure and have the Senate sit at 8 p.m. next Tuesday to allow the committees to meet that afternoon.

I shall deal first with the committees. On Tuesday the Special Committee of the Senate on the Constitution will meet at 10.30 a.m. and again at 2 p.m. The Special Committee of the Senate on Retirement Age Policies will meet at 2 p.m., and the Health, Welfare and Science Subcommittee on Childhood Experiences will meet at 4 p.m.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. and 2.30 p.m. to consider Bill C-15, the Banks and Banking Law Revision Act, 1978, and the Special Committee of the Senate on the Northern Pipeline will meet at 3.30 p.m. or when the Senate rises.

On Thursday the Retirement Age Policies Committee will meet at 9 a.m. The Banking, Trade and Commerce Committee will continue its examination of the subject matter of Bill C-15 at 9.30 a.m., and the Transport and Communications Committee will meet at 10 a.m. to consider Bill S-6, the Shipping Conferences Exemption Act, 1979. There will, no doubt, be other meetings set down as the week progresses.

In the Senate we will proceed with the items on the order paper, and probably Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973, will be sent to us from the other place.

In addition to this, we will still have on the order paper some three public bills and one private bill. I am informed that early in the week the Senate will introduce a new bill. I think the workload for next week warrants our sitting on Monday, as we have a great deal to do both in this chamber and in committees.

**Senator Flynn:** I must say I am not convinced that we need sit on Monday.

First of all, Bill C-10 may not reach us at all. In any event, I have made some inquiries and there is no problem involved with Bill C-10 as there was with Bill C-5. If the acting leader says that it will now be the practice for the Senate to sit every Monday, whatever the situation, I would readily agree with him, but when we decide on an ad hoc basis that we are going to sit on Monday, it disturbs the plans of many members. I just want to register this caveat and this objection.

**Senator Langlois:** I am pleased that the Leader of the Opposition asked whether this was going to be a practice. I should have said at the outset of my remarks that I expect we will have to sit on Mondays for a couple of weeks to come. We have often complained that we get a rush of legislation to deal with in the dying days of a session. We have a heavy workload now, and this is the time to dispose of it. I must say, with all sincerity, that we are expecting a shorter session than usual because an election must be held next year. This is not a prophecy I am making; it is a fact that we must live with.

• (1420)

There are three public bills and a private bill now before the Senate. Next week we expect to receive another public bill from the House of Commons and to introduce still another one in this house. We have this heavy workload early in the session, and I am convinced that we should dispose of it. To do this we will probably have to sit on Monday evenings for the next few weeks.

**Senator Grosart:** I am interested in the suggestion of the Acting Leader of the Government that we should start to sit on Monday nights. I would certainly welcome this suggestion if it is part of a plan to avoid presenting the Senate with bills at the last minute before a recess.

**Senator Langlois:** I did not say that.

**Senator Flynn:** You came close to it.

**Senator Grosart:** The Acting Leader of the Government did couple the two problems.

**Senator Langlois:** No, I did not; you are doing it.

**Senator Grosart:** The Acting Leader of the Government, I think the record will show, indicated that this has something to do with the problem of legislation coming to the Senate in a last-minute rush. If he denies that this has anything to do with it, I will accept his denial, of course.

I merely rose to say that I hoped he was really saying that this would prevent, to some degree, the presentation of legislation to the Senate with a last-minute deadline related somehow to a recess, prorogation, or dissolution.

**Senator Langlois:** I do not want to offend my honourable friends opposite. By way of explanation, I was merely referring to the many complaints received in the past, mainly from the opposition, about rushing legislation through on the eve of a recess—in this case it would be the Christmas recess, which is only four weeks away—and at the end of every session. Now we have a workload at the beginning of the session, and I welcome this situation, as I think all honourable senators should, because it will give us plenty of time to consider legislation at leisure and to our heart's content.

**Senator Flynn:** What legislation are we invited to consider at leisure now? Certainly there must be something wrong in my mind, because I cannot understand the reasoning of the Acting Leader of the Government.

**Senator Langlois:** I did not expect you to, because you never do.

**Senator Flynn:** You say that acting this way may prevent us from being pushed at the end of December?

**Senator Langlois:** I did not say that. I was merely referring to your previous complaints.

**Senator Flynn:** You said that we would be able to study legislation at leisure. The order for resuming the debate on the motion for second reading of Bill S-7, to implement certain tax conventions, stands in the name of Senator Hayden. He will probably speak on the bill this afternoon, and it is likely that the bill will be read a second time and referred to committee. The third item on the order paper is the consideration of the report of the Banking, Trade and Commerce Committee on Bill S-4, respecting Canadian non-profit corporations. That report may be adopted this afternoon, and that will be the end of that. Another item is consideration of the report of the Banking, Trade and Commerce Committee on Bill S-5, to amend the Canada Business Corporations Act. That, too, could be dealt with this afternoon. The next item is the second reading of Bill S-9, respecting fugitive offenders in Canada. The Senate dealt with this legislation during the last session.

**Senator Langlois:** There are a few changes in the new bill.

**Senator Flynn:** It could be disposed of in an hour this afternoon. In fact, we could dispose of what is on the order paper this afternoon.

If you wish us to return on Monday evening just because some legislation may come from the other place, that will in no way relieve the situation in the week before Christmas. That is what I object to. I think the reasoning is faulty, but if you intended to say, "Whatever the situation, we are going to sit on Monday," then I would ask you to say it, and I will accept it.

**Senator Langlois:** I made a motion. You can vote for it or against it.

**Senator Flynn:** Don't spoil the motion by giving us that kind of reasoning.

**Senator Langlois:** I won't try to make you understand reasoning. You never do.

**Senator Flynn:** I defy anyone to claim that he understood what you said. Who will come to the support of the Acting Leader of the Government with a straight face?

Motion agreed to.

## FOREIGN AFFAIRS

VISIT OF U.S. SECRETARY OF STATE TO CANADA—QUESTION

**Senator Austin:** Honourable senators, on Tuesday last I asked the Leader of the Government in the Senate a question relating to the visit of Secretary Vance to Canada. I take it that the absence of the Leader of the Government means that no answer or statement regarding that visit will be forthcoming this afternoon.

However, I should like to ask the Acting Leader of the Government if he would, as part of the answer when it is made available, tell us whether any discussions were held with respect to maritime boundaries between Canada and the United States, and in particular whether there is any substance in newspaper reports that Canada has proposed offering a sectoral slice of the Beaufort Sea to the United States in exchange for an equidistant boundary at the Dixon Entrance on the coast of British Columbia.

**Senator Langlois:** I will take this question as notice.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

November 23, 1978

Madam,

I have the honour to inform you that The Honourable R. G. B. Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of November, at 5:45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

## INCOME TAX CONVENTIONS BILL

SECOND READING

The Senate resumed from Tuesday, November 21, the debate on the motion of Senator Thompson for the second reading of Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax.

[Senator Flynn.]

**Hon. Salter A. Hayden:** Honourable senators, now that peace has been restored—

**Senator Flynn:** Perhaps you do not understand.

**Senator Bosa:** It is a temporary lull.

**Senator Hayden:** The other day I adjourned the debate on the motion for the second reading of Bill S-7 because of a statement which Senator Grosart made in the course of his speech. I am not objecting to his having made such a statement, but I just wish to indicate what I think the law is, and what I think the approach should be.

Senator Grosart said that the agreements covered by Bill S-7 are treaties, and the subject matter of treaties comes within the purview of the Foreign Affairs Committee. That statement was engendered by the sponsor's indication that if, as and when the bill is given second reading it will be referred to the Standing Senate Committee on Banking, Trade and Commerce.

● (1430)

I think it is generally accepted that a treaty is a solemn and rare form of international agreement, and one that is not often used. The preferable type would be a heads of state agreement or an intergovernmental agreement. The particular tax agreements covered under this bill contemplate intergovernmental agreement.

If these were treaties, it would not be necessary to have them passed by Parliament. There is little statutory law on the question, but by custom and usage certain rules have developed and, as a result, the Queen in Council, or the Governor in Council, may, by reason of the executive authority which they enjoy in reference thereto under the royal prerogative, enter into such international agreements. Usually such agreements come into force by the exchange of instruments of ratification. That is the usual form.

I should add that at the odd time you will hear the term "tax treaty." By and large, I think, that is a misnomer. We have had one such in the last number of years in relation to shipping and the use of aircraft. That tax agreement provided that the earnings of a non-resident in Canada derived from either shipping or the use of aircraft were not subject to income tax under our income tax law, but were a condition of reciprocity. In those circumstances, therefore, there was no need to refer the matter to Parliament.

But obviously this legislation would come under the heading of taxation, and the reason is quite simple: Some of the provisions in the bill amend provisions of the income tax law, and only Parliament, which passes them, may amend the income tax laws and those provisions, and therefore, of necessity, Bill S-7 must be passed by Parliament. The moment you arrive at that conclusion, this taxation legislation, as I say it is,

comes within the purview of the Standing Senate Committee on Banking, Trade and Commerce.

I am not raising this issue for the purpose of attracting business to that committee because I happen to be its chairman. I am concerned only because over a long period of time all taxation measures have been referred to the committee, and, as a result, some reasonable degree of tax expertise has been developed through continuity of work in dealing with this type of legislation.

I can remember when there was a change in the Senate as the result of an election. The opposition became the government, and Senator John Haig became the government leader in the Senate. I recall that one day he spoke to me and said, "There is a tax bill on the order paper tonight. Are you going to speak?" I replied that I was, and he said, "That's all right." When he moved the second reading of the bill, he said a few words on it, and then said, "I call on Senator Hayden to explain this bill," which I proceeded to do.

I illustrate that to indicate how far back we go in considering taxation bills. For as long as I have been a member and Chairman of the Standing Senate Committee on Banking, Trade and Commerce, I can recall taxation bills being referred to that committee. There has been considerable expertise acquired, not necessarily by the chairman, but by members of the committee. They have become accustomed to the language, some of which is awful, that is found in taxation bills. Sometimes it takes three, four or five pages in order that a point may be boxed in and no loophole permitted in relation to other provisions in the bill. Notwithstanding that, the history of this kind of legislation is full of bills to amend amending bills, introduced and passed a year or two years before, because there were areas that were not properly or extensively covered.

As to my presentation today, I simply want to emphasize that this is taxation legislation, because it amends existing law that has been passed by the Parliament of Canada.

My final word is that there are quite a number of subject matters contained in these taxation bills. To illustrate, there is the question of business profits. Honourable senators know that business profits, regardless of whether they are earned in carrying on business in Canada by a resident or a non-resident, are subject to specific rates of tax. However, the bill provides for a situation in which a non-resident is carrying on business in Canada and his business does not have a permanent establishment in Canada—and "permanent establishment" is defined and listed in the tax agreement. Its effect is to amend the existing income tax law in relation to the profits and the income of such a business that may be earned in Canada by a non-resident when the source of his earnings is not represented by a permanent establishment in Canada.

In respect of dividends there is a provision to the effect that the normal withholding tax on dividends paid from Canada, or from the other contracting country, shall be 15 per cent. Dividends being paid from a Canadian source to a non-resident would ordinarily be subject to a 25 per cent tax, but under this bill that 25 per cent becomes 15 per cent. That is a distinct amendment of present income tax law.

The bill provides that gains on the sale of immovable property are taxable where the immovable property is situated. This would be of distinct benefit to a resident of Canada if he owned an immovable property in Korea, Jamaica or the United Kingdom. If he sold it and made a gain, his gain would be taxable in the particular country and would not be taxable in Canada. In that way you avoid double taxation, which could very well arise, and which, if you look this clause of the bill, may still arise because the language used is:

● (1440)

> Income from immovable property may be taxed in the Contracting State in which such property is situated.

I think it might well turn out that the gain would be taxable in both countries, depending on the construction placed on the word "may".

That, however, is beside the point. I have developed my main point, and I have nothing further to say about the bill.

**Hon. Andrew Thompson:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Thompson speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Thompson:** Honourable senators, I appreciate very much the contributions made by Senator Grosart and Senator Hayden to the discussion of this bill. As I understood him, Senator Grosart was really very flexible in his remarks concerning the appropriate committee to which this bill should be referred. He did suggest that possibly the Standing Senate Committee on Foreign Affairs might be the one to consider it, and from my conversations with him I understood that he did so because he has a particular interest in the use of the words "treaty," "convention," and "agreement," which he would like to see examined more closely so that we may arrive at the correct terminology.

All honourable senators appreciate how much work the Banking, Trade and Commerce Committee and Senator Hayden take on, and, in fact, seem to thrive on, and Senator Grosart was thinking that possibly the Foreign Affairs Committee, having just finished a most worthwhile and concrete report, may be able to consider this bill. As I say, I did not think there was any inflexibility on Senator Grosart's part with respect to this.

Senator Grosart also acknowledges the emphasis there is on taxation in this bill, and also the expertise in this area that the Banking, Trade and Commerce Committee has developed in their consideration of some 18 of these bills. I should say that Senator Grosart's other remarks were very interesting. From what he had to say with regard to the Mackenzie King principle, and from what he had to say concerning the terminology used to title these treaties, I learned a great deal.

Officials of the Department of Finance have been my advisers with respect to this bill, and they have been trying to

interpret to me, as a layman who does not even have the experience of being a member of the Banking, Trade and Commerce Committee, all the very involved wording—perhaps I could almost say technical jargon—which is to be found in this bill. A bill of this kind takes a lot of translation before I can understand it. Some of the answers they gave me to Senator Grosart's questions had already been given at the time of their previous appearances before the committee, but I now pass them on to the Senate.

Senator Grosart's first question concerned the title of each tax treaty. I now realize that I should not be using the term "tax treaty". From Senator Hayden's remarks, I suppose I should be saying "intergovernmental agreement". In a letter to me, an official of the Department of Finance wrote:

> In "Canadian Treaty-Making" by A. E. Gotlieb, it is stated on page 55 that:
>
> > Canadian international agreements employing the term "convention" in the title almost invariably require ratification . . . The general, although not invariable, practice, is for Canadian agreements for the avoidance of double taxation to be called conventions.
>
> This indeed described the general practice in Canada except in cases where a treaty is concluded with another member of the Commonwealth. Since the members of the Commonwealth have the same Head of State, it has been the practice in past years to conclude "agreements" and not "conventions" with them. This practice is not universally followed by all Commonwealth countries any more except that some still prefer it. The term "convention" is the one used by most countries which follow the Model Double Taxation Convention on Income and Capital published by the Organization for Economic Co-operation and Development. Finally, the title of a treaty is subject to negotiations as is any other part of its content and in the final analysis a specific term has to be mutually acceptable. The fact that a tax treaty is referred to as an "agreement" or a "convention" has no practical significance—the words are fully interchangeable.

Senator Grosart pointed out that as between Commonwealth countries the term to be used is "agreement", but the particular treaty—and I will call it that—between the United Kingdom, one of the Commonwealth countries, and Canada is called a "convention". In the document concerning Jamaica, another Commonwealth country, the term "agreement" is used. The practice is, frankly, a little blurred as far as I am concerned, and I think it could be delved into more.

The second point raised by Senator Grosart concerned the length of the bill, resulting from its dealing with agreements negotiated with three countries, namely, Korea, Great Britain and Nothern Ireland, and Jamaica. He suggested that there were considerable differences between these three agreements, and emphasized that in his view each agreement should be dealt with in a separate bill because, by waiting until a bundle of these bills can be put together, we may be holding up agreements which are to the benefit of Canadian investors and Canadian citizens employed in the countries concerned; by delaying these bills we are making those Canadians suffer. On this subject I will read further from the letter I had from the Department of Finance:

> The main reason is that since they all deal with the same general subject matter it saves the time of Parliament in adopting a number of them at the same time. If each tax treaty signed since tax reform had been introduced alone, Parliament would have been asked to deal with eighteen separate Bills rather than four. It is felt that, because of the heavy legislative schedule of Parliament, this way of presenting more than one treaty at a time is appropriate. Senator Grosart indicated that the grouping of a number of treaties in a single Bill may delay the implementation of a particular tax treaty to the detriment of some taxpayers. We are conscious of this problem and try to minimize as much as possible any delays.

It would be useful, perhaps, to ask in committee if there have been any serious delays because of the bundling of these agreements into a group. I understand there is a delay in the case of one of the agreements contained in the bill of which I am the sponsor. It is a question that has justification, and I think it should be pursued. I appreciate that there may be many other questions in the minds of honourable senators, but I am sure they will be fully discussed during the committee's consideration of the bill.

● (1450)

**Senator Grosart:** Honourable senators, naturally, I am not at this time going to continue the argument. Some very interesting points have been raised by Senator Hayden and Senator Thompson. Because both honourable senators have questioned my comments on the use of the word "treaty," I would ask the sponsor of the bill whether he is aware of the fact that Canada acceded to the Vienna Convention of 1969 which defines the use of the word "treaty" in the following terms:

> "Treaty" means an international agreement concluded between states in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments, and whatever its particular designation.

**Senator Thompson:** I am not aware of that.

**Senator Hayden:** Honourable senators, let me say that Senator Grosart read that definition very well and slowly enough for me to follow it. Notwithstanding that, it does not resolve the question. The question relates to what this particular agreement is. It is a tax agreement. A treaty is an international agreement. It may be that a tax agreement, such as we have before us, is an international tax agreement—

**Senator Grosart:** On a point of order. Is the honourable senator asking a question or is he making a second speech? I specifically said I would not continue the debate.

**Senator Hayden:** I thought you had set a precedent by making a statement.

**Senator Grosart:** I asked a question.

**Senator Hayden:** And I am answering your question.

**Senator Grosart:** I was very careful to frame my remarks as a question.

**Senator Hayden:** Let me answer your question, then. Naturally, if I am answering your question, I do not do so by asking another question, although that is sometimes the case.

**Senator Flynn:** Why not?

**Senator Hayden:** I am merely pointing out that, as a treaty, it would not have to go before Parliament. But this must go before Parliament, and the pertinent point I made was that the legislation then becomes taxation legislation. Whether it is a treaty or not, it is taxation legislation.

**Senator Grosart:** Perhaps on third reading I can clarify the confusion that appears to exist in the honourable senator's mind on this matter.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Thompson** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

## CANADA NON-PROFIT CORPORATIONS BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-4, respecting Canadian non-profit corporations, which was presented on Tuesday, November 21.

**Hon. Salter A. Hayden** moved the adoption of the report.

He said: Honourable senators, there is very little to add by way of explanation of the report at this time. The bill in the form in which it is now before us represents the product of three different efforts. It first came before the Senate in the form of Bill S-3 of the last session. At that time it was thoroughly studied, and many substantial amendments were made to it.

You will find the report on Bill S-3, and the explanation which was given at that time, in Senate *Hansard* of March 21, 1978. It would be a presumption on my part to attempt to repeat that.

Then during the summer recess—and I do not know whether this was the result of activities by those who are concerned with the bill or activities within the department—more amendments were devised and incorporated in Bill S-4, which was introduced in the Senate shortly after the commencement of this session. Following second reading debate, Bill S-4 was referred to committee, and again amendments were made to it.

To say that the amendments made during the summer recess, and those made during committee consideration of Bill S-4, are substantial would require some stretch of the imagination. They were needed amendments, and perhaps because they were needed they are substantial; but in the real sense of the word, they were not substantial. Some of them, for instance, were to correct a particularization of certain items where it is much better to have the greater flexibility of a general provision.

Unless there are questions, I do not propose to say anything more about the report.

**Senator Grosart:** Honourable senators, I wonder if Senator Hayden could give us an indication of the total number of amendments that, while not necessarily made by the committee, resulted from the deliberations of the Senate committee in the final form in which the bill has come to us.

**Senator Hayden:** The statement I have breaks the amendments out in the following fashion: Amendments to Bill S-3 effected by the Senate committee and reflected in Bill S-4, English and French versions, 22; French version only, 46: Amendments to Bill S-3 made by the department and reflected in Bill S-4, French and English versions, 22; French version only, 48: Amendments to Bill S-4 effected by the Senate committee, 5. That gives a total for both French and English versions of 49, and for the French version only of 94.

**Senator Grosart:** I asked the question because I understand that at the present time an attempt is being made to convey to others some indication of the achievements of the Senate. The statement has recently been made that of all the amendments made in the last few years to legislation, eight out of ten may have been made by the Senate. The information we now have from Senator Hayden certainly tends to support that. It is clear from what he has told us that in the English and French versions of this particular bill there are 49 amendments, and in the French version there are 94 amendments, for a total of 143 amendments attributable to the Senate and its committee.

Motion agreed to and report adopted.

● (1500)

THIRD READING

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

**Senators Hayden:** I move, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be now read the third time.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, which was presented on Monday, November 20.

**Senator Forsey** moved the adoption of the report.

He said: Honourable senators, this is simply a matter of re-affirming the imprimatur, shall I say, of this house on the criteria which the committee has adopted with the approval of both houses in previous sessions. There is no change whatever. It is simply a re-affirmation of the criteria which have been concurred in.

Motion agreed to and report adopted.

The Senate adjourned during pleasure.

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At 5.50 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable R. G. B. Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

> An Act to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Monday, November 27, at 8 p.m.

## APPENDIX

(*See p. 254*)

## THE ESTIMATES

### SUPPLEMENTARY ESTIMATES (A)—REPORT OF NATIONAL FINANCE COMMITTEE

November 23, 1978

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1979, were referred, has in obedience to the order of reference of Thursday, November 9, 1978, examined the said Supplementary Estimates (A) and submits its First Report as follows:

(1) In obedience to the foregoing, the committee made a general examination of the Supplementary Estimates (A) and heard evidence from the Honourable Robert Andras, President of the Treasury Board; Miss Denise Moncion, Assistant Secretary, Program Branch; Mr. E. A. Radburn, Director, Estimates Division, Program Branch.

(2) These Supplementary Estimates (A) total $1,060 million. The budgetary expenditures total $1,370 million of which $975 million are statutory items and $395 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say loans, investments and advances, include $55 million to be voted and a reduction of $365 million in statutory items. The total Estimates for the fiscal year ending March 31, 1979, are now increased to $49,972 million.

(3) A request for $23 million under the Department of Finance, for payments related to provincial sales tax reductions illustrates a fundamental problem with the Estimates. The amount clearly does not represent the full amount required. In fact the largest part of the payment was made to provinces in the form of tax points which never would appear in the Estimates. In Quebec people were sent cheques of $85. However these cheques were, "paid out of tax revenues", but because it was considered a tax refund, it also does not appear in the Estimates.

The committee recognizes that as new techniques are brought into use, e.g. "transfer of tax points" and "tax refunds to individuals", the results detract from the principle that the Estimates should accurately convey the financial implications of the government's expenditure actions. In future where activities of the types described are undertaken, it would assist the committee's deliberations if the associated administrative expenditures were explicitly identified and the total sums involved stated.

(4) The Treasury Board supplied the committee with a list explaining the $1 items in the Supplementary Estimates (A), which is attached as an appendix to this report. Provision of funds for operating expenses through the deferral capital projects is a policy to which the committee has constantly objected.

A second objectionable practice associated with dollar votes is the lack of distinction in the Estimates between those cases in which projects have been terminated and those which have merely been delayed in their completion. The two cases are quite different. First, termination is a revocation of a commitment made by Parliament, delay is not. Second, termination allows funds to be applied elsewhere because they have been saved while delay means that funds will be required in future fiscal years for completion of the work. Therefore the committee suggests that the Supplementary Estimates make the required distinction between projects for which funds have been terminated and projects which have been delayed and show the amounts in each category.

Respectfully submitted,

A. I. Barrow,
*Deputy*
*Chairman.*

*(Appendix to the Report)*

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (A), 1978-79

The 20 one dollar votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These one dollar votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*",

A. Five votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Ten votes which authorize the payment of grants and contributions. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. One vote which authorizes the deletion of debts and the reimbursement of an Account for an accumulated deficit and obsolete stores. (An explanation is provided in Supplementary Estimates.)

D. One vote which amends provisions of a previous Appropriation Act. (Additional explanation is provided in Appendix II.)

E. Three other votes:
—one Vote to authorize the issuance of non-negotiable demand notes;
—one Vote to authorize the payment of pensions; and
—one Vote to authorize the cancellation of Certificates of Indebtedness and the forgiveness of debt and interest accrued and unpaid.

(Additional explanations are provided in Appendix II).

Estimates Division
Treasury Board
November 8, 1978

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (A), 1978-79 APPENDIX I

| PAGE | DEPARTMENT OR AGENCY | VOTE | CATEGORIES | | | | |
|---|---|---|---|---|---|---|---|
| | | | A | B | C | D | E |
| 8 | Agriculture | 1a | | X | | | |
| 22 | Energy, Mines and Resources | 35a | | X | | | |
| 30 | Environment | 15a | | X | | | |
| 38 | External Affairs | | | | | | |
| | - Canadian International | | | | | | |
| | Development Agency | 30a | | X | | | |
| 50 | Indian Affairs and Northern | 1a | | X | | | |
| 56 | Development | 25a | X | | | | |
| 56 | | 35a | | X | | | |
| 62 | Industry, Trade and | | | | | | |
| | Commerce | L33a | | | | | X |
| 70 | Justice | 5a | | X | | | |
| 76 | National Health and | | | | | | |
| | Welfare | 50a | | X | | | |
| 86 | Public Works | 5a | X | | | | |
| 90 | | 20a | X | | | | |
| 90 | | 25a | X | | | | |
| 92 | | 45a | X | | | | |
| 104 | Secretary of State | 30a | * | X | | | |
| 114 | Solicitor General | 5a | * | | | | X |
| 114 | | L16a | | | | X | |
| 124 | Transport | | | | | | |
| | - National Harbours Board | 101a | | | | | X |
| 130 | Veterans Affairs | 1a | | | X | | |
| 130 | | 10a | | X | | | |

*Appendix II*

ADDITIONAL EXPLANATIONS

*Category D*

*Solicitor General*

*Vote L16a*—To amend the existing authority of the Inmate Earnings Liability Account to include the receipt of certain monies and the making of disbursements in accordance with the Penitentiary Act.

*Explanation*—The Inmate Earnings Liability Account was established by Appropriation Act as a special account in the Consolidated Revenue Fund in 1952-53. It was originally proposed that only money voted by Parliament would be deposited to this Account. It is now proposed to allow monies received by inmates from outside work sources to be deposited to this Account. This Vote will amend the original authority to permit the deposit of these monies and thus safeguard earnings of inmates. Disbursements will be made pursuant to the regulations of the Penitentiary Act.

*Category E*

*Industry, Trade and Commerce*

*Vote L33a*—To authorize the issuance of non-interest bearing, non-negotiable demand notes to the International Tin Council in the amount of $4,500,000.

*Explanation*—In accordance with the Fifth International Tin Agreement of 1976, it is proposed to provide for a contribution toward the maintenance of the buffer stock of the International Tin Council. The objective of the International Tin Agreement is to assist in maintaining price stability in the Tin market by using buffer stocks to lessen the downward and upward pressures on price caused by changes in supply and demand. Both tin producing and consuming countries make contributions. The amount each country is requested to contribute is based on the amount of tin consumed/produced.

It is proposed to minimize cash outlays by satisfying Canadian obligations through the use of non-interest bearing, non-negotiable demand notes. Payments, if called, will be made in the form of non-budgetary loans from the Foreign Exchange Account.

Canada's share in the buffer stock will be refundable on expiration of the Agreement in 1981.

*Solicitor General*

*Vote 5a*—To authorize the inclusion of two former penitentiary officers under the Royal Canadian Mounted Police Superannuation Act for pension purposes.

Explanation—The families of two deceased penitentiary officers who were killed while on duty are presently receiving pensions under the Government Employees Compensation Act. Authority is requested to now declare, for pension purposes, that prior to their death the two officers were included under the Royal Canadian Mounted Police Superannuation Act. The inclusion of the officers under the latter Act will provide for increased pensions to their families. It is considered that the present pensions are not sufficient to meet the full responsibility of the Crown as employer. Provision has been made to ensure double payment of pensions does not occur.

Similar arrangements were made in 1964-65 (Supplementary Estimates (A) and (B) and 1975-76 (Supplementary Estimates (A)) for other officers killed while on duty.

*Transport*—National Harbours Board

*Vote 101a*—To authorize the cancellation of Certificates of Indebtedness and the forgiveness of debt amounting to $133,412,200 and interest accrued and unpaid thereon.

*Explanation*—Prior to 1971 all payments to the National Harbours Board for capital purposes were made from budgetary funds and consequently did not appear as an asset on the Balance Sheet of Canada. Sections 29 and 30 of the National Harbours Board Act required that Certificates of Indebtedness representing such payments be deposited with the Minister of Finance and as such these amounts were set up as liabilities in the accounts of the National Harbours Board.

Since these amounts do not appear on the Statement of Assets and Liabilities of Canada and since there is little prospect of repayment it is proposed to authorize the cancellation of the Certificates of Indebtedness, the forgiveness of interest accrued or unpaid on the debt and the deletion of these liabilities from the accounts of the National Harbours Board.

The debts were incurred by the ports of Halifax, N.S. ($29,891,788), Saint John, N.B. ($34,770,238), Chicoutimi, Quebec ($3,830,286), Québec, Quebec ($52,075,243), Trois-Rivières, Quebec ($3,987,356) and Churchill, Manitoba ($8,857,289).

# THE SENATE

**Monday, November 27, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1978, pursuant to section 7(3) of the Auditor General Act, Chapter 34, Statutes of Canada, 1976-77, together with a Conspectus of the said Report.

Copies of Report entitled "The Canadian Automotive Industry: Performance and Proposals for Progress", dated October 1978, of the Commission of Inquiry appointed by Order in Council 1978-1996, dated June 20, 1978, pursuant to Part I of the Inquiries Act (Mr. S. Simon Reisman, Commissioner).

Auditor General's report to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1978, pursuant to section 55(4) of the Royal Canadian Mounted Police Pension Continuation Act, Chapter R-10, R.S.C., 1970.

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1978, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Copies of report of the Administrator under the Anti-Inflation Act, dated November 17, 1978 pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on Mr. Raymond Léger, Montreal, Quebec.

Capital Budget (Revision No. 1) of Central Mortgage and Housing Corporation for the year ending December 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1978-3361, dated November 2, 1978.

## ADJOURNMENT

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, November 28, 1978, at 8 o'clock in the evening.

Motion agreed to.

## NEWFOUNDLAND

SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask a question of the Leader of the Government. The Government of Newfoundland has announced the sale of Labrador Linerboard Mill Ltd. in Stephenville, Newfoundland, to Abitibi, Price. One of the conditions of the sale proposal seems to indicate a commitment by the Department of Regional Economic Expansion to spend certain funds to ensure continuing progress related to a changeover of the operation from linerboard to newsprint.

Would the Leader of the Government discuss the proposal with the appropriate minister and report as soon as possible details of DREE's involvement in the sale, to ensure that they will fulfil that commitment with regard to the jobs that will be created by the recovery of that important industry on the west coast of Newfoundland?

**Senator Perrault:** Honourable senators, while I do not have on my desk a detailed report with respect to possible DREE involement in this important industrial development in Newfoundland, I can assure the honourable senator that the government of this country continues to be most receptive to any and all useful proposals to assist the great province of Newfoundland to achieve industrial growth and greater opportunity for its people.

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

## FOREIGN AFFAIRS

EGYPT-ISRAEL PEACE TREATY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 7 Senator Olson asked whether it was anticipated that Canada would be involved in any of the adjustments necessary as a result of the Camp David Accords, or, more specifically, the expected Egyptian-Israeli peace treaty.

In his address to the United Nations General Assembly on September 26 the Secretary of State for External Affairs expressed the government's readiness to make an appropriate contribution to assist in the implementation of the terms of a peace settlement if provisions were made for international involvement. Any provision for such involvement will not be clear until the present negotiations have been concluded.

● (2010)

COMMUNE OF THE PEOPLE'S TEMPLE IN JONESTOWN, GUYANA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, last week Senator Olson asked whether any Canadians were involved in the

People's Temple religious sect incident in Jonestown, Guyana, and he requested that inquiries be made to find out if any Canadians in fact ever belonged to that sect.

As I said on November 22, it is not the practice of government departments to attempt to establish the religious affiliation of Canadian citizens. It is therefore impossible to tell whether any Canadians have ever been members of the People's Temple religious sect.

I can confirm that no Canadian citizens are registered with our High Commission in Georgetown, Guyana, who give the People's Temple at either Jonestown or Georgetown as their address. As I said before, Guyanese authorities and the United States Embassy also confirm that there is no record of Canadians at Jonestown or at the People's Temple branch at Georgetown.

VISIT OF U.S. SECRETARY OF STATE TO CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 21 last the Honourable Senator Austin asked the following question:

> My question relates to the northern pipeline. I should like to know whether the northern pipeline is to be a subject on the agenda of the Minister of External Affairs and the Secretary of State and whether, indeed, the question of prebuilding is to be part of their discussion.

The Alaska Highway pipeline was an important subject of discussion between Secretary Vance and Canadian ministers. Both Secretary Vance and Canadian ministers reaffirmed the support of their governments for the project. Although some specific concerns were raised, the issue of prebuilding was not discussed. Prebuilding, the concept of building southern portions of the pipeline in advance of the northern sections, would of course be conditional upon National Energy Board approval of natural gas exports and would require firm guarantees that the whole project will be completed.

## THE CABINET

**Senator Grosart:** Honourable senators, I have some difficulty in phrasing a question that might be appropriate at this time. Perhaps the Leader of the Government will allow me to ask him if he will accept my compliments on the fact that in the recent movements which have taken place in the cabinet, and which have been described as a "shuffle," two of the most important positions were not affected.

## PRIVATE BILL

J.H. POITRAS & SON LTD.—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-8, to revive J.H. Poitras & Son Ltd., which was presented Thursday, November 23.

**Senator McIlraith** moved that the report be adopted.

**Senator Grosart:** I wonder if it is the intention of the honourable senator who has moved the adoption of the report to make any comment on it?

**Senator McIlraith:** No, honourable senators, I had not intended to make any comment. There was only one minor amendment proposed, which was simply to add, in the preamble of the bill, the clause:

> (*f*) since the Company was a body corporate to which Part I of the said Act applied and since there is no provision in the said Act for the revival of a company that has been dissolved, the Company cannot be revived except by a special Act of the Parliament of Canada;

That is the last paragraph in the preamble, and that is all the report contains, except the amendment to strike out the word "and" in one place and put in the word "and" in another.

**Senator Grosart:** I wonder if the honourable senator, who has vast knowledge of such matters, is in a position to inform the Senate as to whether this rather cumbersome process of reviving a company by act of Parliament has been superseded by the general arrangements now in existence whereby many corporate changes and initiatives that were formerly required to be made by act of Parliament can now be made by administrative act.

**Senator McIlraith:** Honourable senators, the answer to that question is that two bills now before Parliament—the bill to amend the Canada Business Corporations Act and the Non-Profit Corporations Bill—contain the provision suggested by the honourable senator. The requirement that you come to Parliament to have a company revived is only applicable to those companies incorporated under the former legislation.

Motion agreed to and report adopted.

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

**Senator McIlraith:** With leave, I move third reading now.

**Senator Grosart:** At the next sitting, unless there is some urgency.

**Senator McIlraith:** There is no urgency.

**Senator McIlraith** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## FUGITIVE OFFENDERS BILL

SECOND READING—DEBATE ADJOURNED

**Hon. George J. McIlraith** moved the second reading of Bill S-9, respecting fugitive offenders in Canada.

He said: Honourable senators, Bill S-9 is the re-introduction of a bill we had before us in the last session of Parliament, which was then known as Bill S-8. Part I of the bill is the proposed new Fugitive Offenders Act; Part II amends the Extradition Act; and Part III repeals the present Fugitive Offenders Act and contains other transitional provisions.

Bill S-8 which was before us in the last session had first reading in the Senate on January 31, 1978, second reading on February 2, 1978, and was passed on February 22, 1978. It was given second reading in the House of Commons on May 2, and died in committee of that house with the prorogation of the session.

The Fugitive Offenders Act is the instrument by which we return certain offenders who have escaped to this country from those Commonwealth countries which recognize the Queen as head of state. The Extradition Act covers similar arrangements with all non-Commonwealth countries, and allows Canada to seek the return of escaped Canadian offenders.

The Fugitive Offenders Act was first enacted in 1882 and has remained substantially unchanged for the last 96 years.

Bill S-9, so far as it is concerned with fugitive offenders, has two main objectives. The first objective is to make the laws more applicable to modern criminal activities and to make their administration more effective. This includes the protection of civil liberties of refugees from political, racial and religious oppression. The second objective is to expand the number of countries with which Canada may deal under the Fugitive Offenders Act to include all Commonwealth countries instead of just those which recognize the Queen as head of state, as is presently the case.

Many of the provisions of the bill are based on agreements reached by the Commonwealth Law Conference in 1966 and set out in the document entitled: "Scheme Relating to the Rendition of Fugitive Offenders within the Commonwealth." In the main, the bill seeks to follow the recommendations of that scheme, which are now law in some 49 Commonwealth countries, dependencies, protectorates and associated states.

● (2020)

At present, offenders are liable to be surrendered by Canada to any country where the Fugitive Offenders Act applies for any offence punishable under the law of that country by at least 12 months' imprisonment combined with hard labour. One problem arising out of that is that a prison sentence for an offence very rarely carries with it the added sentence of hard labour. Another difficulty, of course, is that that act applies whether or not the offence charged is recognized as an offence under Canadian law. Those are the two main reasons for the changes.

Bill S-9 establishes a schedule of offences that would be deemed returnable—that is, offences for which we would return the offender if the proper proceedings are taken. The definition of "returnable offence" has the effect of establishing the rule of double criminality, which simply means that the crime for which a fugitive can be returned must be recognized as a crime under both the Canadian law and the law of the country seeking the extradition.

The schedule, incidentally, is the same in both the proposed amendment to the Extradition Act and the new proposed Fugitive Offenders Act. The new schedule includes such serious offences as the various homicide offences, kidnapping, air piracy, rape, income tax evasion, counterfeiting, wilful non-support or abandonment of a child so that its health or life is endangered, and also provides that all the independent Commonwealth countries, associated states, dependencies and protectorates will in the future be covered by this legislation.

The bill does contain certain protection for the civil liberties of the individual. Under the present act, a fugitive may not resist surrender to a Commonwealth country for an offence of a political character. In the event of a political upheaval in one of the countries, a person could conceivably be faced with serious charges in that country for actions carried out while he was in the service of a former government, which actions would not be offences in this country.

In addition, there is a provision protecting a person charged with a returnable offence where it is quite clear that he is likely to be discriminated against on his return for reasons having nothing to do with his guilt or innocence. There is also a provision that Canada cannot refuse to surrender a fugitive where the political offence is against internationally protected persons such as visiting heads of state or diplomats and involves murder, kidnapping or assault.

I must say that I found the clause defining such a political offence a little troublesome, and I hope that it will be considered in committee. It is intended to preclude persons about to be extradited or returned to their own country from asserting by way of defence that a patently criminal offence is a political offence. That is the intent of the definition but, as I say, I hope it will be looked at in committee to ensure it is satisfactory. I think it is.

There is one substantial change made, and only one, between Bill S-8 of the last session and Bill S-9 of this session. The earlier bill gave the Minister of Justice discretion to refuse to surrender a fugitive to any country where the penalty for the returnable offence in question is death, since Canada itself does not have a death penalty. The revised provision—and it is a completely changed clause—allows the minister discretion to refuse to surrender a fugitive "where it appears to him that the fugitive offender would be likely to suffer an excessively severe or inhumane punishment for the returnable offence in respect of which his return is requested." It will be seen that this is altogether different in principle, and is a wider discretion.

The bill also provides that a person returned to Canada from a Commonwealth country may only be tried in Canada for the offence for which he is returned. Thus, if an individual is returned to Canada to be tried for income tax evasion, he cannot, without our first obtaining the agreement of the returning country, be tried for some other unrelated offence. There is provision for a waiting period in respect of that in the bill.

Where two or more countries are seeking the return of the same person, there is provision as to which country that person shall be returned.

Another provision in the bill deals with bail. In this case, unlike the general bail law applying to criminal offences, the person whose return is sought to another country is not entitled to bail unless he demonstrates why he should be granted bail.

The provision is different in that it places the onus in a bail application where it was formerly in the criminal law of Canada. It is quite different from the bail application procedure under our present criminal law where the prosecutor must show why a charged person should not be released on bail pending trial.

There is a curious anomaly at present in that proceedings under the Fugitive Offenders Act come before a magistrate or provincial court judge, while under the Extradition Act they go before a superior or county court judge. This bill provides that in both instances they will be heard by a superior or county court judge.

Another provision in the bill deals with appeals in connection with extradition proceedings. Under the present law, a person has the right to seek from the Federal Court a review of the judge's decision regarding extradition. The proposed new legislation would place this right with the superior and appeal courts of the province where the extradition proceedings occur, which is where it lies in other criminal cases. It seems to me that that is the appropriate place for it, and that is an improvement.

As I say, there is only the one change of substance from Bill S-8 of the last session, and that is with respect to the discretion of the minister in certain circumstances to refuse the return of the offender. That discretion has been widened.

• (2030)

There are a dozen or so minor changes in the bill. These are matters of draftsmanship and, as far as I can judge, they improve the language used. None of them change the bill in a substantive way. I, for one, wish to congratulate the draftsmen in the Department of Justice for so improving the language of the bill.

This is the second example this session of where the language of a bill has been improved in the interval between sessions. That is an interesting sidelight, but certainly the slight delay in dealing with the bill in the House of Commons brought about this improvement. I do not know what that proves or does not prove, but there it is.

Honourable senators, if and when this bill receives second reading I will propose either that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs or, if the house prefers, that it be given third reading. I shall be pleased to hear any views or comments on that point.

I commend the bill to the favourable consideration of the Senate.

**Hon. Allister Grosart:** Honourable senators, my immediate reaction is to say that this bill should most certainly go back to the Standing Senate Committee on Legal and Constitutional Affairs. Senator McIlraith has made it clear that we seem to have missed something when the bill was before the committee in its original form—that is, as Bill S-8—particularly as far as bad draftsmanship is concerned.

**Senator McIlraith:** Not bad draftsmanship.

**Senator Grosart:** I am not in any way going to be critical of the committee, but generally speaking we do catch these things, particularly when a bill originates in the House of Commons. However, it has been my experience that we do not always pay as much attention to a bill originating in the Senate as we do to a bill originating in the other place. This would seem to be the case in this instance. It is always a bit discouraging when a bill goes from the Senate to the House of Commons and they find something that, perhaps, we should have found. However, the same applies for bills originating in the House of Commons. So I do not think we have to be too concerned with that.

Senator McIlraith says that they did not find that, but my recollection is that during the meetings of the committee in the other place they did raise some of these questions, and particularly questions on the substantive changes that Senator McIlraith described. I should like to ask him, as far as that particular change is concerned, whether the effect of this change between Bill S-8 of the last session and Bill S-9 of this session is to exempt from return a fugitive from prosecution or sentence in another jurisdiction where capital punishment is in effect? I won't say a "fugitive offender" because I think that begs the question. It is a presumption. Every fugitive is not necessarily an offender. Is the effect of this to exempt such a person from compulsory return if he is from a Commonwealth country, or extradition otherwise, if the penalty for the offence for which he is either charged or for which he had been sentenced calls for capital punishment?

Is it merely a discretion by the minister, or does it in itself, in effect, exempt that person from return or extradition if the penalty for the crime from which he is a fugitive would be capital punishment?

**Senator McIlraith:** Honourable senators, the answer to that question is quite specific. It merely gives the minister a discretion to refuse to return the person sought to be returned in those circumstances. It does not provide for the refusal of the return of that person other than in the discretion of the minister. It enables the minister, if he wishes, to exercise the discretion to prevent the return of a person in those circumstances. In other words, the discretion rests with the minister. He is enabled to exercise his discretion in the circumstances set out in the clause. It is not absolute.

**Senator Grosart:** What I am really asking, if I may add a supplementary to my question, is whether it would not have that effect. If the offence in question is one for which Canada does not accept the concept of capital punishment, would not the minister be bound, in effect, to refuse compulsory return or extradition of an individual if that were the punishment in the jurisdiction seeking the return of that individual?

I was interested in the fact that Senator McIlraith, in describing this aspect of the change, used the words "inhumane punishment," which seems to presume that capital punishment was necessarily—and I am not arguing this point at the moment—was necessarily inhumane punishment. If that is so, surely the minister has no discretion regardless of the language of the bill.

Perhaps this question could be better answered in committee. I am not insisting that it be answered now. I know, however, that Senator McIlraith has studied the bill and he might perhaps give us some enlightenment in this respect, because I am sure the Senate as a whole would be interested in this fundamental and substantive change as between the two bills.

**Senator McIlraith:** I cannot agree for a moment that the minister has no alternative in exercising the discretion. It is an absolute discretion on his part. He must exercise that discretion, and he is answerable for the way in which he exercises it.

If capital punishment is still applicable for the offence of murder in a jurisdiction requesting the return of an alleged offender on the charge of murder, the minister may refuse to order that surrender. But there is no way one can stretch that to mean he must refuse or will refuse to surrender the person.

Since the clause in question is a short one, I should perhaps at this point read it into the record. It is subclause 18(1) of the bill, and it reads:

> The Minister may refuse to order the surrender of a fugitive offender where it appears to him that the fugitive offender would be likely to suffer an excessively severe or inhumane punishment for the returnable offence in respect of which his return is requested.

That is the clause as it stands. I think it is fairly clear. There is not much I can say by way of expanding on it.

On motion of Senator Grosart, for Senator Asselin, debate adjourned.

● (2040)

## THE ESTIMATES

### REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1979, which was presented Thursday, November 23.

**Hon. A. Irvine Barrow:** Honourable senators, I move the adoption of the report.

In so doing, I should like to mention that the President of the Treasury Board, the Honourable Robert Andras, with his officials, in particular Miss Denise Moncion, Assistant Secretary, Program Branch, appeared before the National Finance Committee. It was an interesting and productive session. All the questions were answered forthrightly, and, I believe, to the satisfaction of the committee members present.

As the report indicates, the supplementary estimates (A) total $10.6 billion, made up of $610 million for statutory items and $450 million for items to be voted. The largest of the statutory items include $400 million for additional costs of servicing the public debt, $262 million for payments to the provinces, and a $368 million reduction in advances to Central Mortgage and Housing Corporation. The major items for which Parliament is being asked to provide new authority are $81 million for increased oil import compensation payments; $50 million for the federal labour intensive projects program, which was extended from October, 1977, to September 30, 1978; $43 million to Central Mortgage and Housing Corporation for discounts and administrative costs incurred in respect of the sale of NHA mortgages, and $18 million for payments to Interprovincial Pipeline Limited in respect of crude oil shipped from Sarnia to Montreal.

The President of the Treasury Board told us that the $48.8 billion expenditure ceiling for 1978-79, which he mentioned when he appeared before your committee in connection with the main estimates last spring, has now been revised down to $48.3 billion. This, he added, would be about a 9.5 per cent increase over the total expenditures for 1977-78.

I should like to draw the attention of honourable senators to two items in the report. The first concerns the use of techniques, such as transfer of tax points and tax refunds to individuals, to make payments that your committee suggests should be reflected in the estimates. This arose in relation to $23 million requested for provincial sales tax reductions. The second concerns the $1 items in the supplementary estimates (A). In addition to the committee's constant objection to the use of funds from deferred capital projects for operating expenses, your committee considers there should be a distinction in these estimates between projects that have been terminated and projects that have been delayed in their completion.

**Senator Grosart:** Honourable senators, in case there are any of you who do not know, I should mention that Senator Barrow, who has just moved the adoption of the report, is now deputy chairman of the distinguished National Finance Committee, and in spite of the fact that he has a very, very difficult committee to deal with, so far he has not run into any trouble and is maintaining the high standard of impartiality for which the former chairmen and deputy-chairmen of that committee have been distinguished. I except one former deputy chairman, myself. I move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

# THE SENATE

**Tuesday, November 28, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## PARLIAMENT

MESSAGES BETWEEN HOUSES—SPEAKER'S RULING ON POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, on Monday, November 20, 1978, the Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report to the Senate:

> The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-5, An Act to amend the Old Age Security Act, has, in obedience to the order of reference of Monday, November 20, 1978, examined the said bill and now reports the same without amendment.
>
> The committee nevertheless strongly recommends that the Government consider the advisability of introducing at the earliest possible opportunity an amendment to this bill that would have the effect of making clause 2 of the bill retroactive to November 1, 1978.

The bill was then read a third time and passed, and a message was sent to the House of Commons to acquaint that house accordingly without incorporating the recommendation of the committee.

On Tuesday, November 21, 1978, at page 234 of the *Debates of the Senate*, the Honourable Senator Flynn rose on a point of order and stated that the recommendation of the committee had not been included in the message to the Commons. He said:

> When the Senate passes a bill in the form in which it comes to us from the other place but with a recommendation that something be done in respect of that measure, the other place should be so informed. *Hansard* of the other place does not show that they were informed of the Senate's recommendation in respect of Bill C-5. Also, I have been told that they did not hear that part of the report of the committee. That is a question of fact which Your Honour may verify.

I have now had an opportunity to look into this matter. It has always been the practice, when a Commons bill is reported to the Senate without amendment by a committee, not to include in the message to the House of Commons any recommendations and/or observations made by the committee.

*May*, 19th Edition, page 602, has this to say about messages between the two houses:

> A message is the most simple and frequent mode of communication; it is daily resorted to, for sending bills from one House to another; for requesting the attendance of witnesses; for the interchange of reports and other documents; and for communicating all matters of an ordinary description, which occur in the course of parliamentary proceedings.

The last part of this quotation would, in my opinion, fall in the category of subjects such as the one under discussion.

The custom and usage when a bill has passed all its stages is to communicate that fact by message to the other house. If the bill under consideration by the Senate is a Commons bill and is passed by the Senate without amendment, a written message is sent to the House of Commons to that effect. When a Commons bill is amended by the Senate, the original parchment is returned to the House of Commons with the engrossed amendments attached to the front thereof. No separate message is sent. The message is endorsed on the bill itself at the end, as follows:

> ORDERED: That the Clerk do carry this Bill back to the House of Commons and acquaint them that the Senate has passed the same with an amendment to which they desire their concurrence.

The point of order raised by the Leader of the Opposition is that when a Commons bill is reported by a Senate committee without amendment but with recommendations and/or observations, the message to the House of Commons should include such recommendations and/or observations. It is simply a matter of custom and usage and it has never been the custom to include the recommendations and/or observations of a committee in a message to the other house with respect to the passing of a bill. In my opinion, there is no procedural barrier to the inclusion of such recommendations and/or observations in the message to the House of Commons. However, I suggest that each case should be judged on its own merit and that the Senate should decide in each instance if it is advisable and in the interest of the Senate to include the recommendations and/or observations in the message.

In conclusion, it seems to me that whenever a Commons bill is reported without amendment but with recommendations and/or observations, the Speaker, after third reading, might seek the approval of the Senate to have the recommendations and/or observations included in the message to the Commons. The Senate would then decide and it could be so ordered by the Speaker.

This procedure is suggested because it is the practice generally followed when the Speaker seeks the direction of the

Senate during the proceedings. Of course, I am in the hands of the Senate, and would like to have its opinion in this respect.

**Senator Flynn:** Honourable senators, in view of the fact that I raised the point of order, I should like to say that I am in complete agreement with the opinion just given by Her Honour the Speaker. I will try to be alert on future occasions to move that the message sent to the House of Commons be complete.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of report to the Minister of National Health and Welfare from the Canada Pension Plan Advisory Committee entitled "Review of the Objectives of the CPP," dated November 1978.

## RETIREMENT AGE POLICIES

### CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Norrie be added to the list of senators serving on the Special Committee of the Senate on Retirement Age Policies.

Motion agreed to.

## NEWFOUNDLAND

### SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION

**Senator Marshall:** Honourable senators, last evening I asked a question of the government leader having to do with the government's responsibility with respect to Labrador Linerboard Mill Ltd. in Stephenville, Newfoundland. After reading the government leader's answer in Senate *Hansard*, I am not convinced that he announced any definitive conclusions. I can only repeat the question in the hope he can offer something more substantive that I can pass on to those concerned.

Could the Leader of the Government offer something more definitive having to do with DREE's commitment with respect to the sale of that mill to Abitibi, Price? If he cannot offer it at this time, would he extract the information from the ministers responsible and report later to this chamber?

**Senator Perrault:** Honourable senators, immediately following the important question asked by Senator Marshall last evening an inquiry was directed to the Department of Regional and Economic Expansion requesting any and all information pertaining to this potentially significant development in Newfoundland. The reply has not yet been received.

## ENERGY

### AGREEMENT WITH ALBERTA ON PRICE OF OIL AND GAS—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government in the Senate a question following several questions I asked on previous occasions about the agreement between Alberta and the federal government respecting the dates for increasing oil and gas prices. I ask it today because there are some inconclusive reports emanating from the Conference of First Ministers that there is a new, or at least an amended, agreement, although this has not been announced in detail. Could the Leader of the Government tell us if such a new or amended agreement has been reached and, if so, what are the terms of the agreement?

• (2010)

**Senator Perrault:** Honourable senators, it is my understanding that possibly further discussions will be held overnight and it may be possible to achieve some understanding tomorrow. I understand that a unanimity of opinion has yet to be achieved with respect to the desirability of raising oil prices on January 1 of next year.

**Senator Olson:** I would ask the honourable leader a supplementary question. We did ask for and the leader agreed to obtain a copy of the agreement entered into between the federal government and the Government of Alberta. I have not seen it yet. Has it been made available to the Senate?

**Senator Perrault:** Honourable senators, the situation will be investigated.

## THE SENATE

### MONDAY SITTINGS—QUESTION

**Senator Flynn:** Honourable senators, I would ask the Leader of the Government if he thinks the reasons given by the deputy leader on Thursday last for having the Senate sit last night were justified. I have checked the attendance last night. I was not present because I knew there was nothing to do, and there was something else I had to do.

I just want to know if the Leader of the Government thinks he was justified in having the Senate sit last night, and if it is his intention, even if no business comes to us, and just in case we should be pressed a few days before Christmas, that we should sit on Monday of every week until Christmas.

**Senator Perrault:** First of all, while the Senate does possess a remarkable range of powers, we are as yet unable to control the weather. The attendance last night was smaller than usual largely because of adverse weather that affected the travel plans of a number of senators.

Apart from that, it is not appropriate for me, surely, to discuss with the Leader of the Opposition in this forum whether or not in retrospect a sitting of the Senate was useful or otherwise or served some beneficial purpose. It seems to me that every time the Senate meets there exists the possibility for very useful work by all honourable senators.

**Senator Flynn:** We could sit on Sundays.

**Senator Perrault:** I think it to be a rather pointless exercise to speculate about the relative value of sittings of the Senate day by day.

Let me say, however, that there is a great deal of work to come before the Senate before the Christmas recess. For example, one of the important measures now before Parliament is the proposed unemployment insurance bill, and I suggest that we consider the possibility of undertaking a pre-study of it.

**Senator Flynn:** In the Senate?

**Senator Perrault:** In the Senate.

**Senator Flynn:** In the Senate!

**Senator Perrault:** In a Senate committee.

**Senator Flynn:** On, come down to earth.

**Senator Perrault:** The honourable senator is hardly a political amateur, and he knows what I meant.

**Senator Flynn:** I am not an amateur.

**Senator Perrault:** It was a while ago that the honourable senator made his maiden speech—almost years beyond measure, in fact.

It seems to me that we must anticipate legislation which may be delayed in the other chamber. We do not want a situation which may see the unemployment insurance measure arriving in the Senate two days before Christmas, with the Senate expected to pass that important measure in a few hours. I hope that senators may be prepared to authorize the appropriate committee to do a pre-study of this important legislation so that it can be accorded the kind of serious consideration which it deserves. This may take time; it may require extended hours of that committee's time.

I intend, if the Leader of the Opposition can make time available to me either this evening or tomorrow, to discuss with him some of the work that may be before us before the Christmas holiday, a recess which is anticipated will begin on December 21 with a return of Parliament on Monday, January 22.

This rather long reply is an endeavour to suggest that we in this place must attempt to measure the work before us and that we must be prepared to give every measure the deliberation time necessary. It was anticipated that we would require every hour this week for the work we thought we would have before us.

**Senator Flynn:** I would suggest that your measurement last week was pretty bad. In any event, I would say to the Leader of the Government that I was not consulted last week. He suggests now that he will consult me, and I welcome that, but last week I was not consulted. The first word I had that the Senate would be reconvening last night was when we sat on Thursday afternoon, and in my opinion there was no justification for that at all. Of course, I know that in the other place the Leader of the Government said there was no method for communicating with the Senate. I would suggest that one was established, but it was not properly used.

**Senator Perrault:** Honourable senators, when there is work before Parliament, when there is work for us to do in connection with our task as senators, there is continuing consultation with the other chamber, and the record will show that during the life of this particular Parliament there has been a useful degree of consultation between the Leader of the Government and the Leader of the Opposition here. I think that these useful procedures should continue.

**Senator Flynn:** I admit that there has been consultation occasionally, but unfortunately there is not always consultation. In any event, coming back to the unemployment insurance legislation, I do not think the leader needs to make the motion, because the Chairman of the Banking, Trade and Commerce Committee will want that committee to look at the subject matter of certain bills just as it has on other occasions, and just as other chairmen have done with respect to their committees. I think we can always count on that. But in my opinion there was certainly no reason for sitting last night, and there may well be no reason for sitting next Monday.

**Senator Perrault:** Only time will tell what important measures will be advanced by the government for the consideration of Parliament. I mentioned the possibility of a pre-study of the unemployment insurance legislation, honourable senators, only to indicate that this measure, along with others, could well provide justification for additional Senate sitting hours in the weeks to come.

**Senator Flynn:** If we do not consider it in the Senate, it is something else again to consider it in committee.

## TRANSPORT

### CANADIAN NATIONAL RAILWAYS—QUESTION

**Senator Austin:** Honourable senators, I should like to pose a question to the Leader of the Government in connection with whether there is a policy being developed to privatize the Canadian National.

A senior officer of Canadian National, Mr. L. L. Atkinson, who is in charge of economics research, made a speech recently at Queen's University in which he said that the CN "should evolve in the direction of becoming part of the private sector." I should like to ask the government leader to assure the Senate that neither the government nor the Canadian National has any intention of selling any equity in CN so as to remove the Canadian National from its critical role as an instrument of national policy, in equalizing economic opportunities in the transportation sector of this very large country.

• (2020)

**Senator Perrault:** I do not have the text of the honourable gentleman's remarks with me, and so I am unable to comment on his speech. Indeed, it would be unfair of me to do so. However, an inquiry will go forward and the information will be provided as quickly as possible.

## NATIONAL CAPITAL REGION

### RECONSTITUTION OF SPECIAL JOINT COMMITTEE—QUESTION

**Senator Robichaud:** Honourable senators, the National Capital Commission was formerly under the Minister of State

for Urban Affairs. This ministry having been dismantled, I wonder where a senator or member of the House of Commons might go to ask whether the Special Joint Committee on the National Capital Region is going to be reconstituted?

**Senator Asselin:** That question has been asked many times before.

**Senator Perrault:** I am pleased to inform honourable senators that the Honourable André Ouellet, a very able minister, retains the responsibility for the National Capital Commission.

**Senator Robichaud:** As a supplementary question, honourable senators, may I ask the Leader of the Government in the Senate whether the Special Joint Committee on the National Capital Region is going to be reconstituted? If this is not the government's intention, I would ask why it is not?

**Senator Perrault:** Honourable senators, that information will be sought from the minister. The question will be taken as notice.

## PUBLIC WORKS AND URBAN AFFAIRS

RESPONSIBILITY FOR HOUSING—QUESTION

**Senator Marshall:** Honourable senators, I should like to ask the Leader of the Government in the Senate whether he is going to make a statement at some future date in the house to indicate the responsibility for housing and urban affairs that resides in the new Ministry of Public Works. What responsibility is given the minister to ensure that housing, repairs to housing, and policies on housing are directed to the benefit of the people of Canada?

**Senator Perrault:** Honourable senators, I hope to have a statement prepared to indicate the future direction of federal housing initiatives.

**Senator Flynn:** It is important to know whether the abolition of this ministry is real or not.

## FOREIGN AFFAIRS

CANADA-UNITED STATES RELATIONS—QUESTION

**Senator Austin:** Honourable senators, I have a question for the Leader of the Government in connection with the inquiry that stands in the name of Senator van Roggen dealing with the quite remarkable study on Canada-United States relations made by the Standing Senate Committee on Foreign Affairs.

I should like to ask the leader whether he would invite the Secretary of State for External Affairs to appear in this chamber during the course of the inquiry that I have just mentioned so that he can contribute by way of a response to the excellent work of the Standing Senate Committee on Foreign Affairs, and also assist me with answers to some of the questions I asked last week in connection with the visit of United States Secretary of State Cyrus Vance to Canada?

**Senator Perrault:** The suggestion is an interesting one, and it should be discussed with the Chairman of the Standing Committee on Foreign Affairs, and the members of that committee, before any action is taken.

**Senator Grosart:** It is a silly suggestion.

**Senator Flynn:** The honourable senator can move that the committee invite the Secretary of State for External Affairs to appear before it.

**Senator Perrault:** Anything is possible.

**Senator Flynn:** I am just suggesting a way out for you.

**Senator Austin:** I appreciate the suggestion of the Leader of the Opposition. I wonder whether any senator can honestly say that a suggestion that a minister of the Crown be invited to appear in this chamber on an important public issue is silly.

**Senator Flynn:** No, I was merely saying you can move that the committee invite the minister. I will second your motion if you need a seconder.

**Senator Grosart:** It is silly if you don't know how to do it.

## TRANSPORT

WINNIPEG—SHERBROOKE-McGREGOR OVERPASS—QUESTION

**Senator Roblin:** Honourable senators, I have a question for the Leader of the Government. Has the Canadian Transport Commission submitted a recommendation to the Minister of Transport respecting the Sherbrooke-McGregor Overpass in Winnipeg?

If that is the case, when was that recommendation made to the minister, and is there any indication as to when the minister might give his views on the matter?

**Senator Perrault:** The question will be taken as notice.

## CONSUMER AND CORPORATE AFFAIRS

STATEMENT BY MINISTER—QUESTION

**Senator Olson:** Honourable senators, I wonder if I might ask the Leader of the Government to inquire into the basis for the statement made in Regina during the latter part of last week by the Minister of Consumer and Corporate Affairs to the effect that we are seeking to import beef from areas in respect of which our health of animals regulations would have prohibited such imports to date because of problems associated with foot and mouth disease, and that sort of thing. Would the leader inquire whether the minister was expressing his own personal view, or whether that is the policy of the government?

**Senator Perrault:** Honourable senators, the question will be taken as notice. I do not have a copy of the remarks attributed to the Honourable Warren Allmand, Minister of Consumer and Corporate Affairs. As soon as I am able to speak with him, I will make the appropriate inquiries.

## FOREIGN AFFAIRS

PURPOSE OF VISIT OF PRIME MINISTER TO UNITED KINGDOM—QUESTION

**Senator Haidasz:** Honourable senators, I should like to ask the government leader whether he can inform the Senate as to

the purpose of the visit of the Prime Minister to Her Majesty the Queen and to the Prime Minister of the United Kingdom next month.

**Senator Perrault:** Honourable senators, the government and the Right Honourable Prime Minister have had a long, happy and friendly association with the Queen of Canada. I do not have a copy of the proposed agenda at my desk, but I can report that this journey is being undertaken in the spirit of goodwill, affection and loyalty that has always prevailed between Canadians and Her Majesty, and in the spirit of friendship and co-operation that exists between Canada and the United Kingdom.

## TRANSPORT

### VIA RAIL—QUESTION

**Senator Riley:** Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. It has to do with this corporation called VIA, about which I keep on asking questions. All of the shares of VIA are owned by the Ministry of Transport. It is regulated by the Canadian Transport Commission. Neither the officials of CN nor CP can tell me what the policies are in respect of VIA.

If you go to bed at night on a CP train, you sleep under CN sheets, with CP blankets. The towels are marked "VIA" and now they are paper towels. There are also linen ones marked "CP" or "CN". When you go to pay for your transportation, you are told by both CN and CP to make the cheques payable to VIA.

**Senator Marshall:** In American funds?

**Senator Riley:** Probably American funds or "Newfie" dollars.

**Senator Forsey:** Order!

**Senator Riley:** I would like to have some idea as to what the whole policy of VIA is. Even the people in the lower echelons do not know what is going on. The passengers do not know what is going on.

Is it the intention of VIA to encourage passenger travel by rail? I do not see any great public relations effort being made by VIA, or whoever controls it or operates the rolling stock. But it seems to me that they do not control the freight end while they do control the passenger service.

• (2030)

**Senator Benidickson:** Because it is unprofitable and the CPR escapes the deficit.

**Senator Riley:** That is it. I think the people of Canada are entitled to know all the details of the policies of VIA as they evolve, and they are evolving very slowly.

**Senator Asselin:** The question.

**Senator Riley:** This is a question. I am directing it to the Leader of the Government in the Senate.

**Senator Perrault:** Honourable senators, I am not attempting to "sidetrack" the honourable senator. However, surely it is an immense order to attempt to provide a definitive reply to the important question which he has asked and which, indeed, is the kind of question which could be answered better if an inquiry were placed on the Order Paper. That would provide an opportunity for many honourable senators to participate in this kind of debate. I cannot present a definitive statement with respect to VIA to the Senate tonight, and I know honourable senators quite understand the impossibility of assuming such a task.

**Senator Riley:** I would like to direct a supplementary question to the Leader of the Government. Can he bring in a statement from somebody who knows something about the policy of VIA? If we put a notice of inquiry on the Order Paper, and it is debated by senators, where are they going to get the facts to debate with? How are they going to build up their arguments when they do not know anything about what is going on in VIA?

**Senator Perrault:** Honourable senators, a first step might be for the honourable senator to write to the president of VIA and ask this question. There is also the possibility of obtaining a certain amount of information by placing a written question on the order paper. Again I do not attempt to minimize the importance of the senator's question, but I cannot assume the task of answering detailed questions regarding VIA this evening.

**Senator Riley:** Who is the president of VIA? Is it the Minister of Transport?

**Senator Goldenberg:** Mr. Frank Roberts.

**Senator Riley:** I asked the president of CN once, before a committee, and he could not give me any information as to what the policy was. And the CP officials cannot either, so the only conclusion I can come to is that they do not have a policy except to muddle things up to the detriment of the travelling public. Once again I ask the Leader of the Opposition if he can present the Senate with a policy statement from the person responsible for this.

**Senator Flynn:** When I change sides I will.

**An Hon. Senator:** You said "Leader of the Opposition." You meant, "Leader of the Senate."

**Senator Riley:** Did I? I apologize.

**Senator Perrault:** Honourable senators, I will undertake to present a general policy statement with respect to VIA. However, information sought with respect to the "sheets" and the "meals" and the "silverware" and the "napkins" surely is beyond the ken and competence of anyone in this chamber tonight.

**Senator Flynn:** Are you sure?

## NATIONAL DEFENCE

### THE NEW FIGHTER AIRCRAFT—QUESTION

**Senator Manning:** Honourable senators, I should like to ask the Leader of the Government if he would be prepared to make a statement to the house at some early date on the government's policy with respect to the selection of aircraft for Canada's armed forces. I am sure he is aware that the parliamentary statements issued by the government have created considerable apprehension in many quarters and the impression that the choice of military aircraft is not being made on the basis of what Canada requires for her military responsibilities, but rather on the basis of economics and how much work will be created in Canada. I would appreciate if, at an early date, we could have a statement as to precisely what is the government's policy in that matter.

**Senator Perrault:** Honourable senators, I suggest that there is never total agreement on the part of any group of people in any government or in any military with respect to the type of equipment to be ordered, whether for land forces, the marine forces, or the air forces of this or any other country.

However, I can say, on behalf of the government, that when the final selection of a military aircraft is made, it will represent the substantial majority view of those in the armed forces who will be charged with the responsibility to operate that equipment.

**Senator Roblin:** Honourable senators, I should like to reinforce the request made by Senator Manning. It seems to me that it would be unwise of us to allow the matter to be settled as has been proposed, because that will be after the event. Surely, if we are to have any impact at all upon this decision, we must take part in the discussion before the decision is made.

I would urge the Leader of the Government to favourably consider the request that we be furnished with a statement on this matter and provided with an opportunity to discuss it and to hear witnesses.

**Senator Perrault:** Honourable senators, decisions of this kind are ordinarily taken by governments in consultation with leaders of the armed forces. I have yet to know or learn of any parliamentary committee or any elected or appointed assembly in the parliamentary system which, in the ultimate, solely decides what kind of weaponry is to be purchased by that country for its armed forces. However, I shall communicate the requests of honourable senators to the Minister of National Defence, and I am sure that a statement can be provided for the Senate.

It is not the intention of the government to decide an important equipment purchase by majority vote; indeed, I think it would be irresponsible to do so.

**Senator Manning:** I should like to add one further comment to clarify the question I asked a moment ago. I am not suggesting for a moment that decisions of this kind can be made by a parliamentary committee, a committee of this house, or any other political group. What I am concerned about, and what I am convinced a good many Canadians are concerned about, is the impression that seems to prevail that the view of the military—the people who should know most about the type of equipment required—is not being given anything like as much weight as the views of those who are looking at this from the standpoint of the cost of the aircraft and how much work it is going to create in Canada.

What I would hope to obtain from the statement by the Leader of the Government is an assurance that the military requirements to discharge Canada's obligations as a nation has first priority in a decision of this kind, over and above those other considerations, important as they may be.

**Senator Perrault:** Honourable senators, I wish to give my assurance that that is precisely the case. Those who have participated in the long meetings on this subject are aware that the views of the military are accorded major importance.

**Senator Roblin:** Honourable senators, I must confess that I am still less than satisfied with the reply. I quite agree that this is not an executive body. We will not be making executive decisions, nor do we seek to do so. However, it seems to me that the policy of the government ought to be elucidated here. What is the policy of the government with respect to the kind of aircraft they feel is essential for the defence of this country and to discharge our obligations under NATO?

It seems to me that those matters are relevant and could be discussed here. They might well be the subject of a statement made by the Leader of the Government so that we could be informed as to the policy considerations that lie behind the selection of the aircraft in question.

**Senator Perrault:** Honourable senators, I want to repeat the assurance I gave earlier that I will endeavour to have a statement brought to the Senate after discussing this matter with the Honourable Barnett Danson, Minister of National Defence. I think that honourable senators understand that at least part of any weaponry decision relates to the role that we anticipate these weapons—in this case, aircraft—may, under certain circumstances, be called upon to play in the future. All of that information is not available and cannot be made available. Defence assessments are made at the highest levels and only after careful examination of all the relevant factors respecting possible developments in various areas of the world, possible areas of conflict, and so on. I can only give this assurance, that a transcript of the discussion we have had in this chamber tonight will be provided for the Minister of Defence, and I am sure certain information can be brought to the Senate.

● (2040)

**Senator Roblin:** I am partially satisfied by that statement, and I thank the Leader of the Government. But I would point out that many of the issues referred to here are now in the public realm. These matters are being discussed at the policy level as to the kind of defence we should be providing for, and what kind of aircraft would be suitable for this country. I agree that we do not wish to be put in possession of confidential information that it is not appropriate for us to hear, but the question of policy with respect to the kind of defence we

need surely is another matter and should be elucidated in a chamber like this.

**Senator Perrault:** Here again, honourable senators, it may be possible at some point to have a Senate debate on the subject of defence policy. There are many initiatives open to the Senate, and to individual senators. A debate of that kind has not been held for some considerable period of time. As I have stated before, questions such as a possible foreign policy debate are matters that honourable senators should consider. It may be very useful for the Canadian people to have that kind of debate in this chamber. Perhaps this is another subject that can be placed on the agenda for the meeting between the Leader of the Opposition and the Leader of the Government.

**Senator Marshall:** In view of the commitment offered, and in view of the sympathy indicated by the Leader of the Government, I wonder if he could direct that a reference be made to the Standing Senate Committee on Foreign Affairs, so that this very important matter can be discussed and debated by both sides?

**Senator Grosart:** You cannot direct it.

**Senator Smith (Colchester):** Yes, he can. I hear some sounds on the other side that indicate that this cannot be done. Of course it can be done. All you have to do is turn to page 17 of the *Rules of the Senate* and read the jurisdiction of the Standing Senate Committee on Foreign Affairs. Certain matters, if there is a motion to the effect, may be referred to that committee, and defence is one of them. So all the Leader of the Government has to do is move that the matter of defence, or some particular matter connected with defence, be referred to the committee. If there is a seconder, and the house adopts the motion, that is all that is necessary.

**Senator Perrault:** Honourable senators, I have committed myself to obtaining a statement from the Honourable the Minister of National Defence one aspect of this important subject. May I suggest that this statement be brought to the Senate, and if honourable senators are not satisfied with the answers, then we can consider alternative steps. And in view of the absence from the chamber this evening of Senator van Roggen, the Chairman of the Standing Senate Committee on Foreign Affairs, I consider that it would be inappropriate to advance that kind of motion at this time.

**Senator Roblin:** Well, we will wait for your statement.

**Senator Grosart:** In making that statement, I wonder if the Leader of the Government would be good enough to indicate the steps by which authorization is obtained to expend the very large sums that would be required in this case, and the steps which would be taken to include those expenditures in the votes in the estimates, so that it would be quite clear as to whether Parliament has the right to decide whether these expenditures should be made.

I say this because I was surprised by the statement of the Leader of the Government that this was the kind of expenditure that could be made without parliamentary approval. That was the exact implication in what he said. He stated, as I understood him, that there were kinds of expenditures in the defence sector which could be made without disclosure of information to Parliament. I may be wrong, of course, in my interpretation of what the Leader of the Government said. I now merely ask if he will, in his statement, include a very clear, specific description of the methods by which a specific vote would appear in the estimates to authorize this specific expenditure.

**Senator Perrault:** Honourable senators, I never suggested that the government could, willy-nilly, plough ahead, spending money without Parliament's authority. I never made any such statement. I did say that the government, like governments throughout the world, does not place in the hands of a parliamentary committee, for disposition by majority vote, a decision as to what kind of aircraft is going to be ordered for defence purposes. Honourable senators are kept fully informed of national developments and anticipated defence expenditures.

The information requested by the honourable senator will be requested in as complete a form as it is possible to obtain it.

## PRIVATE BILL

### J.H. POITRAS & SON LTD.—THIRD READING

**Senator McIlraith** moved the third reading of Bill S-8, to revive J.H. Poitras & Son Ltd.

Motion agreed to and bill read third time and passed.

## CANADA BUSINESS CORPORATIONS ACT

### BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-5, to amend the Canada Business Corporations Act, which was presented on Tuesday, November 21.

**Hon. Salter A. Hayden** moved the adoption of the report.

He said: Honourable senators, I think a few words are all that are necessary to explain this report and the bill to which it refers.

The provisions of the bill amend the Canada Business Corporations Act. This is not the first time we have examined and reported on the substance of many of the amendments that are now in Bill S-5. We first had a substantial number of amendments in a bill which was introduced in November 1977. That was Bill S-2 of the last session. The committee considered that bill, heard witnesses, and made a report which was submitted to the Senate in March 1978. The amendments proposed by the committee were substantial in number, and the bulk of them related to the French version of the bill.

● (2050)

In the debate on the motion of the adoption of the report of the committee at that time a full explanation was given of the nature and extent of the amendments proposed, especially those to the French version. The Senate was told of consulta-

tions with the committee of the Quebec bar, the Justice Department and the Department of Consumer and Corporate Affairs, the conferences between the committee and the department in relation to the wording of the French version, and the purpose of the Senate committee, which was to ensure that the language used in the French version was such that an offence different from an offence in the English version was not created.

That report was adopted by the Senate, and the bill was given third reading and sent on its way to the Commons. However, when that session was prorogued, the bill died on the order paper of the House of Commons.

Bill S-5 was introduced in the Senate this fall, and in it we had, first, the amendments which were proposed to Bill S-2 of the last session, and, secondly, proposed new amendments. We now have the report of the committee which contains amendments to Bill S-5, some of which affect or change the language of the original amendments. There is little that is new in these amendments. A few of them are substantial but, in the main, if they are substantial—which is a matter opinion and judgment—they change, in some instances, specific provisions dealing with certain specified situations into provisions of more general application which would make the law more flexible. Your committee considered that to be both desirable and necessary.

Since the question was asked the other day with respect to its companion measure, Bill S-4, I will say that the amendments to Bill S-5 can be broken down as follows: first, amendments to Bill S-2 of the last session effected by the Senate committee and reflected in Bill S-5, both English and French versions, 20, French versions only, 85; secondly, amendments to Bill S-2 effected by the department and reflected in Bill S-5, both French and English versions, 23, French version only, 88; thirdly, amendments to Bill S-5 effected by the Senate committee, 8.

Therefore, we have a total of 51 amendments to both the French and English versions, and a total of 173 amendments to the French version only.

I am citing this to illustrate the extent to which the committee was involved in its consideration of the bill and the amendments. The actual work in connection with the French version was done, in the first instance, by the Departments of Justice and Consumer and Corporate Affairs, and when objections were taken by members of the Quebec bar, a committee of the Quebec bar agreed to meet to consider those amendments.

The Senate committee delayed consideration of the bill for some considerable time until the Quebec bar's determination of the French version was made and received. Following that, their report on what they thought the French version should be, and what changes should be made, was considered by the Department of Justice, following which representatives from the department appeared before our committee and gave such explanation as they were asked for in connection with the consideration of this question.



The committee felt that the matter had been thoroughly considered and that the members were not setting themselves up as experts on the translation from English into French. The committee felt that the background upon which the French version has been settled is sufficiently reliable to truly express the intent of the English version, and is the best version which, in the circumstances, can be obtained.

I wish to voice a few additional words of caution, namely, that notwithstanding the fact that our committee meetings were well advertised as to dates, et cetera, and that many people who had appeared before the committee when it studied the original bill were communicated with to see whether they had further suggestions to make, additional suggestions are arising all the time. Some were received after the committee had completed its study and examination, and was in the process of drafting its report. A communication went forward to the department in connection with one suggestion, and who knows whether there may be others?

The sequence of events is that a legal adviser of a company contemplating some action which involves consideration of certain sections of the Canada Business Corporations Act will look at them, apply the particular facts that arise, and say, "I am precluded from moving in this fashion by the language of this section, and it is unfair, in the circumstances, having regard for the recoveries that exist in the act, that my client should be debarred." Some of the amendments which we have recommended arose in that fashion, and at least one more that I know of has been received by the department. Some legal advisers discovered, on examination of the pertinent sections of the bill in considering the problems of an agreement which their client was entering into, or proposed entering into, that there were problems that might be generated, and they asked for further consideration.

Your committee decided that the matter had gone far enough, and that there was so much good in the bill that it was time the Senate passed it. The department has carried on discussions, as it should, with a particular legal firm, and to date reports that it is not satisfied that the objections and difficulties presented flow from a consideration of the pertinent sections of the bill. However, the department has indicated that the discussions can continue and, if it is satisfied, it will be prepared to propose an amendment when the bill is being considered by the Commons committee.

In the circumstances, we cannot sit waiting, going from pillar to post, while problems arise which someone wishes the department to solve, passing from an area of doubt to an area of certainty, by making a particular amendment. I think it is time to finalize things, and that is why we decided to continue with the presentation of the report and place the facts before the Senate. Those persons who may be affected, if they can prove to the satisfaction of the department that their case justifies an amendment, are not shut out. The department has indicated to them that it will propose the amendment itself in the other place when the bill gets there.

[*Translation*]

**Senator Flynn:** Honourable senators, I simply want to indicate that I agree with the remarks the chairman of the committee has made concerning this bill as well as the bill respecting Canadian non-profit corporations. I suggest that this committee, together with the Department of Justice and the Quebec bar committee have done a great job drafting the French version of this bill.

It was for us quite a new experience to witness the preparation of this version in a context which was quite different from that in which the French version is normally prepared. I am delighted with this experience, which will likely be repeated in the future.

As to the job which was done jointly by the committee, the Department of Justice and the Quebec bar committee, I suggest it was quite useful. Of course, perfection is impossible in this area. Problems will likely occur which will make amendments necessary. Because of the many changes made during this experience, however, some still remain for the committee of the House of Commons which will be delighted to get them.

[*English*]

**Senator Hayden:** I think I should say to my friend that I think the attitude of the committee is that it is not necessarily wedded to the old; it is prepared to accept the new where it appears to be useful and persuasive.

**Senator Flynn:** Agreed.

**Senator Grosart:** Would the chairman of the committee care to give the Senate information about the when and where, and perhaps even the why, of the discovery of the apparently 173 inadequacies in the French version? It is rather interesting that here we have a bill drafted and presented to the Senate with these apparent inadequacies. Where, when and why was the discovery made?

**Senator Hayden:** I think I can explain this to my friend. By simply looking at the statement, it might appear to be, to say the least, confusing that it took so long to discover. However, the larger number of these amendments relate to the French text of the original Canada Business Corporations Act, which was passed in 1975, to which the Senate made many substantial amendments, that were accepted in the other place a hundred per cent. Then criticisms and objections about the adequacy of the French version were raised by members of the Quebec bar.

Remember, even the contemplation of amendments by the Department of Consumer and Corporate Affairs was in accordance with an undertaking the department had given to the committee that they would bring up the provisions of the Canada Business Corporations Act for review within two years. So they were back to us with amendments, and they decided that this was a proper time to clear up all the objections, even to the French version in the original text. That is an unusual thing in itself, to go back to the original act and rewrite the French version, so the department must have been satisifed that the French version left a lot to be desired in respect of using proper and acceptable language which would adequately convey the intent of the English version, which is what it must do.

**Senator Grosart:** Of the total of 224 amendments to the bill as it was originally presented, how many would the honourable senator say result from the initiative of the Senate committee? The honourable senator will understand why I am asking that question.

**Senator Hayden:** I would think that Senator Flynn could very well answer that question, because he made a notable, substantial and useful contribution to the discussion when we were discussing the French version.

**Senator Grosart:** He is very modest.

**Senator Hayden:** There was much debate on certain of the terms. However, you have to remember that there were 85 amendments to the French version only in the original Bill S-2, which related to the original act, and there were 88 amendments effected by the department to Bill S-2, which were reflected in Bill S-5, which is the bill we are now dealing with. Of the amendments proposed in committee, none were to the French text. Therefore, I assume that the Department of Justice and the Department of Consumer and Corporate Affairs had been well taught, subject to the scrutiny of such stalwart members of our committee as Senator Flynn and others who are thoroughly familiar with the French version. We think we have done a good job.

Motion agreed to and report adopted.

THIRD READING

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

**Senator Hayden:** Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Barrow for the adoption of the report of the Standing Senate Committee on National Finance, presented on Thursday, November 23, 1978, on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1979.

**Hon. Allister Grosart:** Honourable senators, it is not my intention to speak to the motion at this time. On this side of the house it seems to have become my responsibility to discuss

such a motion, but the situation has always arisen that where we have a motion for the adoption of the report of the committee on the estimates we also have the appropriation bill based on those estimates. For that reason I will reserve my comments until the appropriation bill based on these supplementary estimates is before us.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 29, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of report of the Administrator under the Anti-Inflation Act, dated November 23, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on the Middleton Regional High School, Middleton, Nova Scotia.

Report of the Director of Investigation and Research, Combines Investigation Act, for the fiscal year ended March 31, 1978, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

Report, dated November 1978, of the Law Reform Commission of Canada entitled "Sexual Offences," pursuant to section 18 of the Law Reform Commission Act, Chapter 23 (1st Supplement), R.S.C., 1970.

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 20 of the Canadian Film Development Corporation Act, Chapter C-8, R.S.C., 1970.

## NORTHERN PIPELINE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten**, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Guay be added to the list of senators serving on the Special Committee of the Senate on the Northern Pipeline.

Motion agreed to.

## UNEMPLOYMENT INSURANCE

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Bonnell** moved, seconded by Senator McNamara, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject matter of the Bill C-14, intituled: "An Act to amend the Unemployment Insurance Act, 1971," in advance of the said bill coming before the Senate, or any matter relating thereto.

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

**Hon. Senators:** Agreed.

**Senator Flynn:** I am wondering whether this motion was made on the initiative of the mover or whether it resulted from some prompting by the Leader of the Government.

Motion agreed to.

## AGRICULTURE

TWO-PRICE SYSTEM FOR WHEAT—QUESTION

**Senator Roblin:** Honourable senators, I should like to put a question to the Leader of the Government in connection with the so-called two-price system for wheat. As he will be aware, for some time now there has been a subsidy to millers in respect of the price of wheat in order to control the price of bread in Canada. Is the leader in a position to deny the story that appeared in this morning's press to the effect that this subsidy is about to be done away with?

**Senator Perrault:** Honourable senators, I must take the question as notice. I have read certain press reports too, but I have no official documentation at my desk.

**Senator Roblin:** I thank my honourable friend. Perhaps I might put a supplementary question. If it turns out that this subsidy is to be dispensed with, would the leader please tell the house when this will become effective and what the government's estimate is with respect to the effect on the price of bread?

**Senator Perrault:** Those details will be provided just as soon as they are made available to my office.

**Senator Buckwold:** In answering the question of my colleague, Senator Roblin, would the Leader of the Government also indicate the benefits that will be received by western farmers as a result of this subsidy being dispensed with?

**Senator Flynn:** You need not worry about that.

**Senator Perrault:** The ultimate reply will be as complete as possible in the government's earnest quest for the full exposition of the facts.

**Senator Hays:** I have a supplementary for the Leader of the Government. Could we have that reply before 3 o'clock this afternoon?

**Senator Perrault:** Honourable senators, the government is accustomed to working very quickly, but whether that time frame can be met is a moot point.

## VETERANS AFFAIRS

HOSPITAL SERVICES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on October 31 last Senator Marshall asked a question of importance to the veterans of the province of New Brunswick. The question was:

> Honourable senators, I should like to ask the Leader of the Government a question about a telegram sent to the Minister of Veterans Affairs by the Northeast Veterans Association of Bathurst, New Brunswick. The association complains that while hospitals to serve veterans have been built in certain areas, none has been built in the northeast part of New Brunswick, and many veterans there find themselves without a hospital bed.

I have taken up this matter with the Honourable Daniel J. MacDonald, Minister of Veterans Affairs, and he has now responded in this fashion:

> The agreement between the federal government and the Government of New Brunswick to transfer Lancaster Hospital in Saint John to the province guaranteed the retention of a number of beds for the priority use of eligible veterans. Originally, all these beds were in Saint John, but subsequent discussions with veterans' organizations and provincial health authorities disclosed that the needs of veterans would be better served by providing care closer to their home communities.
>
> In 1977, 57 nursing home level beds were established in Fredericton. This year, in recognition of the needs in northern and eastern New Brunswick, a further 60 beds are scheduled to be reallocated between these areas of the province. The selection of the sites for these beds will be based on the availability of suitable institutions, the concentration of veterans to be served, and their linguistic preferences. The federal and provincial governments will continue to monitor the needs of veterans in New Brunswick, and to redistribute priority beds as the need arises.

And he has asked me to convey a message to all honourable senators, and I quote:

> I sincerely appreciate the concern of members of the Senate for the well-being of veterans in New Brunswick.

## FOREIGN AFFAIRS

VISIT OF U.S. SECRETARY OF STATE TO CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked by Senator Austin on November 23 with respect to the visit of the U.S. Secretary of State to Canada. That question was answered in part the other day. However, I have some additional information because part of the question was:

> ... whether any discussions were held with respect to maritime boundaries between Canada and the United States, and in particular whether there is any substance in newspaper reports that Canada has proposed offering a sectoral slice of the Beaufort Sea to the United States in exchange for an equidistant boundary at the Dixon Entrance on the coast of British Columbia.



The Secretary of State for External Affairs and Secretary Vance have reviewed the status of the maritime boundaries and fisheries negotiations with special negotiators Marcel Cadieux and Lloyd Cutler.

The secretary and the minister directed the special representatives, together with the regional and fishery advisers of both countries, to complete the negotiation of the presently unresolved Atlantic coast fisheries details and to refer any remaining differences for resolution at the ministerial level before the year-end.

At the same time they directed the special representatives to continue with their efforts to resolve the remaining three maritime boundary disputes in the Pacific and Arctic Oceans and to conclude a West Coast Fisheries Agreement covering as many of the outstanding issues in that area as can be mutually agreed upon. They also agreed to direct their respective negotiators in the Salmon Interception discussions to endeavour to reach a prompt agreement.

Every effort will be made to have the fishery agreements ratified so as to be in effect during the 1979 fishing season.

As to the specific question with regard to the Beaufort Sea and Dixon Entrance boundaries, no agreement has been reached and no firm commitments have been made on any of the boundary issues as of this moment.

## THE SENATE

LEGISLATIVE PROGRAM—QUESTION

**Senator Flynn:** Honourable senators, may I ask the Leader of the Government, in view of the very heavy burden of work this week—and I am very serious in saying that and I am quite sure that everybody else believes me to be serious—what are the bills the government would like to have passed through both houses of Parliament before the Christmas recess?

**Senator Perrault:** Honourable senators, I hope it may be possible after the Senate rises today for the Leader of the Government and the Leader of the Opposition to meet on this question and to review and discuss certain matters.

● (1410)

## CANADA LABOUR CODE

COMMITMENT BY GOVERNMENT LEADER RESPECTING REPRESENTATIONS BEFORE SENATE COMMITTEE—QUESTION

**Senator Flynn:** Honourable senators, I wonder if the Leader of the Government has had time to cogitate on the government's commitment of last April to invite certain groups to appear before a standing Senate committee in order to be heard on the amendments to the Canada Labour Code. I put that question two weeks ago and last week I repeated my notice to the leader. I hope I did not disturb his sleep—I mean, of course, his night's sleep—but I did want that information.

**Senator Perrault:** You rarely do disturb my sleep. Honourable senators, we are in the process of arranging our priorities for the weeks and months to come.

**Senator Flynn:** Months! Hah!

**Senator Perrault:** The nature of possible committee activities in the coming months is now under consideration. This is a matter I would be most pleased to discuss with the honourable leader this afternoon.

**Senator Flynn:** I must say I am really worried about the use twice of the word "months".

## SOCIAL INSURANCE NUMBER

USE FOR INCOME TAX PURPOSES—QUESTION

**Senator Flynn:** Honourable senators, I should like to direct a question to the Leader of the Government which I had intended to put to the Minister of National Revenue last week. But since Senator Guay is no longer the Minister of National Revenue, I have no alternative but to put it to the leader. I do this without hesitation since he is a specialist in all areas anyway.

**Senator Grosart:** He covers the waterfront.

**Senator Flynn:** Yes, he covers every field. According to an amendment we made to the Income Tax Act in February of last year, if a person cashing interest or dividend payments does not want to give his social insurance number, the bank will have to withhold 25 per cent of those payments.

At the time I suggested that anyone who refused under those circumstances to provide his or her social insurance number was probably doing so because he or she had something to hide. Such a person was probably guilty of some theft or fraud.

It appeared to me then, and it still appears to me now, that the government was trying not so much to punish a possible theft or fraud as to share in the fruits of such activities. What I want to know today is how much this 25 per cent withholding clause has brought in to the government coffers since it was first imposed, or, if you prefer, how much is the government being paid for its role as an accomplice in the theft or fraudulent handling of securities?

**Senator Perrault:** Honourable senators, that question will be taken as notice, but any suggestion that the government is operating with anything less than the highest motives is, I think, repugnant.

**Senator Flynn:** I may say that when I put the question to the then Minister of Finance, he could not give that kind of reply.

**Senator Perrault:** An effort will be made as soon as possible to determine the shining truth of the matter.

**Senator Grosart:** I wonder if the honourable leader in his reply could also indicate whether this requirement of the production of SIN, social insurance numbers, is or is not contrary to undertakings given by the government that such a use of the SIN identification would not be made for this kind of purpose.

**Senator Perrault:** I do not want to be misunderstood when I say that this government is in support of "SIN." We are in support of the responsible use of social insurance numbers. But the information that the senator has requested will be sought, and I am sure an explanation can be provided.

## AGRICULTURE

TWO-PRICE SYSTEM FOR WHEAT—QUESTION ANSWERED

**Senator Perrault:** A few moments ago Senator Hays suggested he would like certain information by 3 o'clock. I hope we have met the deadline.

**Senator Flynn:** Yes, indeed, for the first time.

**Senator Perrault:** The Honourable Otto Lang, the minister responsible for the Wheat Board, has stated that the floor price for wheat will rise from $3.25 to $4 a bushel. There has been a subsidy for consumers to maintain floor prices at $3.25 a bushel since 1973. I have been informed that the action may save $100 million in subsidies. The action that is being taken is part of the restraint program. It will, it is estimated, put the price of a loaf of bread up a few cents; but wheat, as an ingredient in bread, has remained at the same price for five years. The effect on the consumer price index is approximately .1 per cent. That is all the information I have immediately available.

**Senator Buckwold:** Honourable senators, in order that I might get it straight, do I gather that the price of wheat to the farmer will go up from $3.75 to $4 a bushel—

**Senator Perrault:** Three dollars and twenty-five cents.

**Senator Buckwold:** From $3.25 to $4 as a result of this action? If that is correct it should make the farmers very happy.

**Senator Flynn:** Was this something that was announced in the other place this afternoon?

**Senator Perrault:** Honourable senators, I had a message given me only in the past five minutes. Presumably an announcement has been made in the other place.

**Senator Flynn:** I think that shows an improvement in communications between the two houses.

**Senator Olson:** Honourable senators, in order that there might be no misunderstanding about the effect of this on producers, I wonder if the Leader of the Government will clarify that what he is talking about is a floor price, and the fact that the price has been above the floor price for almost all of the five-year period since 1973. The $3.25 has not been effective, and, indeed, moving it up to $4 will have little if any effect on producers' returns, because the selling price is above that even today. However, it provides that the amount of money to buy wheat for domestic flour will now come out of the marketplace rather than from a subsidy made up by the treasury.

**Senator Perrault:** Honourable senators, I appreciate very much the expert knowledge that Senator Olson has provided.

**Senator Smith (Colchester):** Honourable senators, I should like to ask a further supplementary to make sure that we understand the situation. Does the withdrawal of this subsidy, though it has the effect of saving an amount, which I believe the Leader of the Government said was something like $100 million a year, have the effect also of transferring the cost of that $100 million to the people who buy bread?

**Senator Perrault:** There will be a slight increase in the per loaf price of bread; but, as I have stated, wheat, as an ingredient of bread, has remained at the same price for five years. The effect on the consumer price index is one tenth of one per cent, not an excessive amount in relation to the rise in price of many other commodities.

**Senator Smith (Colchester):** Honourable senators, I do not think I have received a reply to my question. Perhaps the leader does not wish to answer it. Does this change in the subsidy transfer the cost of the $100 million, which the leader referred to, from the government to the consumers of bread?

**Senator Perrault:** Honourable senators, I have not as yet had a full opportunity to analyze the effect, and it would be irresponsible of me to speculate about the possible ultimate economic impact on consumers and the incidence of the increase.

**Senator Croll:** It is pretty obvious.

**Senator Smith (Colchester):** Perhaps I may be permitted another supplementary. Will anyone be affected, so far as the buying of bread is concerned, except those who buy it for food? Is that true?

**Senator Perrault:** That is not a question.

**Senator Smith (Colchester):** The honourable the Leader of the Government has indicated that he cannot say whether the $100 million to be withdrawn as a subsidy would have to be paid by the purchasers of bread. He says he doesn't know that. I am now asking a follow-up question. Does anyone have to contribute to the increased cost of bread except those who are going to eat it?

● (1420)

**Senator Perrault:** Honourable senators, I have before me a short announcement provided from the office of the Honourable Otto Lang. I do not have a detailed analysis of the effect of the price increase. For example, I am unable at this time to state whether the increase in the cost of bread may be mitigated as a result of the effects of improved programs—such as increased family allowances—for certain families below certain income levels. It is a complicated question. I do not want to hazard into the "deep" without having all of the facts.

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS—QUESTION

**Senator Forsey:** Unfortunately I arrived a little late. It is possible the question has already been dealt with; if so I ask pardon for raising it. I asked a colleague if it had been raised and he thought not.

I wonder if the Leader of the Government could give us any information about the article which he doubtless saw in the *Globe and Mail* this morning about the use of the social insurance number in the address on letters to soldiers serving overseas, or elsewhere for that matter, I believe. I wonder whether there is any legal warrant for this particular use of the social insurance number, because it seems on the face of it rather odd that if you were sending a letter to a soldier overseas or elsewhere, you would have to put his social insurance number on it as part of the address. Can the Leader of the Government give us any information on this?

**Senator Perrault:** I have not read the article cited by Senator Forsey. Because of that, I am unable to offer any kind of expert commentary. However, an inquiry will be made of the Minister of Defence.

## AGRICULTURE

### PURCHASE OF GOVERNMENT GRAIN ELEVATORS—QUESTION

**Senator Austin:** I have a question for the Leader of the Government. I understand that five grain handling firms headed by the Alberta Wheat Pool and the Saskatchewan Wheat Pool have made an application to purchase the federal government's grain elevator in Prince Rupert. Has the government decided to make that sale to that private consortium?

**Senator Perrault:** The question will be taken as notice.

**Senator Flynn:** Are you in favour of it?

**Senator Buckwold:** I have a supplementary question to that of Senator Austin's. The same situation applies to the government grain elevator in Saskatoon. I have received considerable correspondence from people objecting to this particular development. I am not suggesting that the government is right or wrong, but I should like to obtain a clear statement of the government's reasons for putting out tenders on the government grain elevators that are scattered throughout western Canada?

**Senator Austin:** I should also make clear that one of the purposes of my question is to determine whether this private consortium might build a grain elevator of its own at Prince Rupert with the help of the Alberta government if the federal grain elevator is not for sale.

**Senator Perrault:** These questions will certainly be put to the appropriate source in government.

### MOTION TO AUTHORIZE COMMITTEE TO STUDY PROBLEMS OF INTERNATIONAL CO-OPERATION IN THE MARKETING OF GRAINS—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator McNamara:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon the problems of international co-operation in the marketing of grains and other agricultural products; and

That the Committee, or any sub-committee so authorized by the Committee, may adjourn from place to place for the purpose of such examination.—(*Honourable Senator Petten*).

**Senator Petten:** I yield to the Honourable Senator Roblin.

**The Hon. the Speaker:** Is it agreed?

**Hon. Senators:** Agreed.

**Hon. Duff Roblin:** Honourable senators, I thank my honourable colleague for his courtesy in allowing me to continue the discussion of this resolution this afternoon. It seems that this is agriculture day in the Senate, if the Question Period is any indicator. I should like to discuss some of the items which have already been briefly referred to recently.

Perhaps I should start by offering my compliments to the Chairman of the Standing Senate Committee on Agriculture, the Honourable Senator Argue, for the comprehensive and detailed way in which he reviewed the committee's activities and interests during the past short while.

I was particularly struck by the emphasis that he placed on some problems of western agriculture, particularly the price of wheat. The committee, indeed, did show very marked concern for the development of policy in that connection. The motives for their interests are, of course, reflected in history. They are reflected in the problems that western Canadian farmers have been struggling to solve ever since agriculture began on the western plains. In this world of rather imperfect agricultural marketing competition, the western producer has always been concerned to secure an economic price—indeed, a fair price—for the products of his land and his labour. He sees himself and his industry as being composed of a very large number of relatively small units which have been struggling with costs beyond the control of anyone farming in the west and, in the perception of the western farmer, selling his product in an international market dominated by state purchasing monopolies or, if you don't like that, cut-throat free trading.

The long history of western Canadian agriculture includes, of course, the story of the wheat pools, the Canadian Wheat Board, and the two-price system for wheat whose demise we just celebrated this afternoon. Together with other stabilizing and support measures, they are some indication of those domestic agricultural measures that have been furnished by the farmer, or for the farmer, in dealing with this problem. Of course, in the international field, we have had, on an off-and-on basis, the activities of the International Wheat Agreement.

This is all part of the struggle to obtain economic justice for the western farmer as he perceived his problem. There is no doubt in my mind that the drive that the Senate committee has expressed toward a fair and equitable deal for western wheat in particular, is a basic interest of all Canadians as well as those who are in the western agricultural arena.

The advantages of a healthy agricultural industry in this country are too well known to require a lengthy description by me. One can refer to such obvious instances of its effect by talking about the balance of payments. Agricultural exports of Canada contributed $4.8 billion in the recently concluded year, and that has to help somewhat in a difficult problem. We are accustomed, quite rightly, to look upon agriculture as a source of wealth that is not only basic to our economy as a whole, but stems from a renewable resource, which is one of the great assets of the country. The result of the efforts of the farming people is to fuel a free-spending community, because the people in the west—and this is true of farmers in other parts of Canada—have been ready to buy the products supplied to them by the manufacturers in the rest of this country.

A fair price in the international wheat trade in particular has spin-off effects that affect all of us. It can provide an economic impetus to central Canada and, when the price is right, it can save the public treasury the burden of stabilization and other subsidies which are sometimes called upon. It may be suggested—indeed, I do suggest—that the present drive of the committee in this field of international co-operation and co-ordination in wheat marketing, as Senator Argue described, is a further development in our efforts to get a realistic price for the products of western agriculture.

The world wheat market today presents some interesting features. Only a small portion of the total world production of wheat enters into the international wheat trade. It is estimated, I think, that 70 million tonnes, or approximately 17 per cent of the total world production, passes through the international exchanges. Of that 70 million tonnes, Canada's share is approximately 23 per cent.

Though most of this trade is conducted by state trading organizations, both on the selling side and the buying side, the dominant share of the international wheat market—indeed, the controlling factor in price setting—is that provided by the United States, which was responsible for 43 per cent of the international trade in wheat last year which, as they regard things, is the proportion which is sold on the free market. It is this United States' world wheat trade that provides the price leadership in the world today.

● (1430)

Canadian farmers have seen some international wheat buyers using the system as it exists at the present to what they view as an undue advantage. I refer to the 15 per cent of the total world sales that goes to Japan and the European Economic Community to point out to the house that, in the case of Japan, they are at the present time selling their wheat to their own millers at a price of $9.22 a bushel while paying less than half that on the world market. I refer, too, to the European Economic Community and their common agriculture policy, which is to levy a charge of $3.54 a bushel on wheat that is traded into the community.

So, it has been thought by some that these two authorities, at any rate, could be properly accused of skimming the international wheat market for their own purposes. The state agencies in these jurisdictions mark up the purchase price, as I

have indicated, to their own consumers, thus skimming off a very substantial profit. A few years ago—I believe it was in 1973—we saw how the Russian state traders used the United States marketing system to buy enormous quantities of wheat at unrealistically low prices, to the disadvantage of the entire price structure.

One can add to this the fact that it is the surplus of supply or the shortage of supply at the margin that exercises a very profound influence on the price of wheat, either escalating the price or depressing it. A modest change in supply can result in a major change in prices. For example, in 1974 wheat was selling for $6.60 a bushel, and in 1977 it was down to $2.80 a bushel. We have just heard today that the support price of $4 a bushel is somewhat below the price that is being obtained on the market.

I think it is a combination of these factors, and perhaps others, that provides the rationale for the committee's effort to increase what is called the United States loan rate. Part of the price structure in the United States calls for the establishment of a loan rate—which is currently $2.35 a bushel—which has the effect of establishing a price support under the world's wheat market. This arises, of course, from the fact that the United States, with 43 per cent of the export market in its hands, exercises that predominant power in connection with the setting of these prices.

I suggest that we would be somewhat unrealistic if we were to ignore the fact that benefits that might be justified in many respects, as I think perhaps the drive on this occasion is justified, can only be obtained at a price, and perhaps it would be just as well for us to take account of some of the items that might go into a price to Canada if we were to proceed with this measure that is being discussed.

First of all, there is the moral issue. No Canadian farmer relishes being compared to OPEC. A cartel for wheat based on that model is offensive to all of us, to say the least, because we have seen OPEC going for all the market will bear, for being almost careless—and that is perhaps a charitable description—of the hardships and difficulties that they are causing, particularly for people in the less developed countries of the Third World. No one, I suggest, on the committee, or who indeed has the interest of western agriculture at heart, would wish to do that with the world wheat market. So, we have a problem—a problem of finding that mutual ground between producers and consumers which will take us somewhere toward the goal that we seek.

The common ground between producers and consumers is very hard to find if it is divorced from the market. We can see how difficult this question is because the present negotiations for an international wheat agreement seem to have come to a full stop on that very issue, quite apart from the issue of who is going to be responsible for storage. Indeed, one might be pardoned for thinking that a new international wheat agreement may indeed be beyond reach at the present time under current negotiations.

[Senator Roblin.]

But the basic question still stands, and that is: Can the four major world wheat sellers—the United States, Canada, Australia and the Argentine—co-operate to do better? In view of the attitude of the American government as revealed in the visit to Washington, it seems to me that we will probably have to wait until all of the possibilities of a new international wheat agreement have been exhausted before we can find out whether further co-operation between these four big exporters is possible.

If the big four exporters did succeed in taking a united stand and raised the American support for loan level to a higher figure than its present $2.35, there are a number of possible consequences which ought to be considered. We cannot ignore, for example, what will happen to those producers who are not on our team. At what point will higher floor prices call forth greater new production in other lands and, indeed, attract the competition of other edible grains in world wheat markets? These are questions to which, I confess, I have no answers, but it seems to me that they do require some consideration.

What will higher prices do to our own production? Will we have to accept production controls beyond those provided for in the present quota system, which seems to be working quite well? How do we ensure against the problems of over-production—problems that are all too painfully evident in the European Economic Community where, as a result of their common agricultural price system, there are mountains of unsold food, drink, butter, wheat and wine, that have not been disposed of?

We must consider that our American friends may ask something for their contribution toward this effort. Market sharing will probably be a certainty, and there may be other added *quid pro quos* that might be asked for by the Americans. They certainly cannot be excluded from the debate, because these people are very realistic traders.

Then we have the basic question of demonstrating to the 85 per cent of the world trade, after the Japanese and EEC skimmers, that they are not being victimized, because customers have been known to retaliate if conditions are not fair. Other conditions could be listed, but these are sufficient to indicate the thorny nature of the problem and the necessity to look around widely, taking in all the factors that might bear on our discussion of this important matter.

I think a food strategy for Canada was very well articulated in a recent green paper which, I believe, was presented to some study group under the OECD in which the following principles of policy were set out: first, that we should be seeking a reasonable price to consumers; second, that there should be a fair return to farmers; third, that we should give realistic recognition to comparative economic advantage in the production of food in various parts of the world; and, fourth, that we should be mindful of food for the poor.

It seems to me that if our pricing policies can be articulated within these principles, we can move forward with some assurance. But all in all I come down on the side of the committee. It seems to me that to achieve a successful agreement with a fair shake for exporter and importer alike, a disciplined but

reasonable common front between the big four would supply price leadership in this matter, something, I suggest, which is strongly indicated in the circumstances.

Although the Senate committee has struggled—and, I suppose, will continue to struggle—with this concept, I put it to the Senate that we should not only be concerned with the price of wheat, but with the quantity of wheat that we are going to sell on world markets. There was an interesting assessment provided the other day by the Agricultural Division of the World Bank which stated that Canada and the United States were the only major regions capable of supplying reliable expanding volumes of export grains. That is a pretty large statement. I am not absolutely certain as to the complete applicability of this statement to the actual conditions in the world today, but it certainly provides another dimension for the committee to explore. I say that, because the most significant analysis of world demand for all Canadian grains has recently been made by the Canadian Wheat Board.

Dr. H. E. Bjornson, a senior economist of the Canadian Wheat Board, reported last month to the Canadian Grain Council on the prospects of exports for Canadian grain, which is mostly wheat. His statement to that council provides ample food for thought, particularly for a study such as the one under discussion at the moment. Dr. Bjornson has concluded that while Canadian exports for grains today amounts to something around 21 million tonnes, most of which is wheat, the board itself has every reason to believe—and seems to be acting on this belief—that by 1985 the total volume of grain exports from Canada will be increased by some 50 per cent. In the very short period of time of some five years we will be able to export 30 million tonnes of all grains, most of which again will be wheat, compared to the 21 million tonnes that we are exporting today.

• (1440)

This is an astonishing forecast, in my view. If it is true, it is certainly one of the best pieces of news that prairie grain farmers have had for some time. And if it is correct, it is certainly a fact that must be taken into account when considering the pricing system and wheat economics generally.

A 50 per cent increase in the volume of Canadian grains exported in a five-year period, I have to admit, looks optimistic on the face of it, but Dr. Bjornson, I think, makes a pretty interesting case that it may indeed be on the low side rather than the high side. He points out in the last 20 years the level of the world wheat trade has doubled, and the trading in feed grain has quadrupled, so that further growth in the market for these commodities can be confidently expected. And the economic meaning of this possibility, I think, has an enormous prospect for western Canada, and indeed for the nation as a whole. And it is this prediction, this possibility, that I would like the committee to explore in depth when it has the opportunity, because it seems to me that if anything like this should lie in prospect for us, we certainly would want to make sure that we are prepared to take advantage of the opportunity.

I would like to see how western Canadian agriculture can prepare itself to make sure that if this marketing opportunity comes about, and if the productive possibilities are sufficient to support it, it makes the most of the chances as they come.

I think I can suggest to this house, without any exaggeration, that with respect to one aspect of grain marketing, if in no other, we clearly must do very much better than we have been doing in the past several years, and I am talking, as I suppose honourable senators will recognize, of the way in which we transport and handle the export grains that are moving into world markets. In the last period, 1977-78, we exported 16 million tonnes of wheat, and 5.1 million tonnes of other grains, giving a total export trade in the year that has just closed of 21.1 million tonnes. Now some people have been asking why we have not done better. Why did we not also export the other considerable quantities which had been sold, and for which markets were available but which, for some reason or other, we could not bring into an export position. At the present time it seems that 21 million tonnes is the maximum quantity that our transportation and marketing system is capable of moving into an export position. Certainly this seems to be the case as things are organized at present. Last year we actually deferred delivering of 1.5 million tonnes—that is, in the export year that has just closed. Perhaps it would be more accurate to say that it was not deferred, but was completely lost, because I doubt that the effect will be an effective deferral; the effect will be an actual loss.

In the same speech to which I am referring, Dr. Bjornson made another very interesting statement when he said that if transport had been available we could have sold in the last year 25 million tonnes instead of the 20 or 21 million tonnes that were actually moved. Now this increase of 20 per cent is certainly a substantial amount. It would add some half a billion dollars to the gross intake from the sale of this commodity, and it would certainly have a remarkably helpful effect on our balance of payments, to say nothing of the money that it would put into our economic system, and the economic stimulus it would provide.

So when you think of that figure, a forecast of 30 million tonnes by 1985, or a 50 per cent increase over the current year, it does look like a reasonable prospect and a reasonable possibility. And with that opportunity before us, the question to which I would like the committee to address itself is: Can we produce and can we sell these quantities, and if we can, can we move them to the buyer? This, indeed, becomes the critical factor in the equation.

To achieve increased grain sales, it seems apparent that we must improve the capacity of our transportation system to put grain into export position. And yet, it has been reported to me that for the last 26 years, from 1952, no new grain service equipment has been put in place by the Canadian Pacific Railway, and I am not sure what the Canadian National Railway has been doing. I also have a piece of information here to the effect that in the last six years the Canadian National Railways and the Canadian Pacific Railway removed 18,000 cars from grain service, and as a result of that we have a catch-as-catch-can ad hoc policy being followed by the Government of Canada at the present time because they

bought 8,000 hopper cars in the last year or so. And now we see an entirely new departure of policy in which the Canadian Wheat Board is reported to be seeking to buy from 500 to 2,000 hopper cars itself, which will cost from $20 million to $80 million if we reckon costs at $40,000 per car.

Here again, to my mind, we have the problem of a rather disorganized approach to the problem at hand. I am not altogether sure that it is a question of grain cars that is at the root of our difficulty. There are some who say it is not. Some say that if they were better organized they could do the job. That is something I would like to look into. But I do know that although a number of terminals, some old terminals, have been modernized and enlarged and have changed management and have changed ownership, except for one terminal in North Vancouver, not one new terminal has been built in western Canada since 1942, and that is 36 years ago. Yet it is alleged, and as far as I know it is correct, that new terminal capacity is perhaps our most badly needed facility, particularly on the west coast. It seems so odd to me that the government should be concerned with who is going to own and operate the terminals at Prince Rupert when they might be addressing themselves to more important problems like how we are going to get some more terminal operating space there. Perhaps there is an argument to be made that it would be better for those who are interested in buying the terminals to be persuaded to build some new ones, or for the government to do the same thing in their place.

These are facts in connection with our transportation system which I think need to be validated. They need to be interpreted so that we can be sure of exactly what they mean. I suggest to this house that part of the problem I am trying to describe has been very succinctly set out in the report of the Snavely Commission, which recently tabled its findings. The Snavely Commission was established to decide the economic facts with respect to the cost of moving grain under the statutory rates in western Canada, and their findings are, I think, of some significance.

In the year that has just passed, the Snavely Commission reported that it cost $354 million to move grain under the statutory rates in western Canada. Of this large sum, the federal government paid $64 million or 18 per cent, the farmers in their freight bills paid $150 million or 32.4 per cent, and the railways paid $175 million or 49.6 per cent, which is about one-half. This surely must cause us to pause and consider the run-down lines that we have in western Canada—which are inadequate to handle the hopper cars in many instances—and the lack of proper terminal facilities and other matters connected with the movement of grain, and ask ourselves whether there is any relationship between this division of the cost of carrying grain under the statutory rates and the situation we have in mind.

In this connection I am reminded of the repeated statement of the Minister of Transport to committees of this house in which he said it was the policy of the government to reimburse the railways for non-compensatory rates that arose because of national policy mandated by the government. I wonder whether this means that the railways are going to get $175 million next year as an extra subsidy for moving grain. I would be interested to know. There might be other measures that could be suggested to bridge this financing gap, and it is certainly a matter that is going to be of considerable interest to the Canadian public in the coming months.

Why are we not selling all we can? It is because we have an unreliable transport system, and that has prejudiced not only sales during the present year, as I have mentioned, but it is also damaging to Canada's reputation as a dependable grain supplier in the future. If the forecast of the Canadian Wheat Board is right, the world grain trade challenges us to sell more, indeed, just to retain our current market share. The opportunity is there for a 50 per cent increase in Canadian sales of grains by 1985, which in terms of today's dollar and last year's price structure would add between $1 billion and $1½ billion to the income of prairie farmers. When one considers what this increase in gross income might do to assist our balance of payments problems—which I predict will get worse rather than better, unfortunately—and what it would mean in terms of economic stimulus in the manufacturing centres of eastern Canada and elsewhere, it seems to me that the size of the goal and the attraction of the forecast are obvious.

● (1450)

I hope, therefore, that the committee will proceed with its work on prices. I also hope that it will take up the challenge with respect to production and transportation. I hope it will make up its mind on whether Canada can provide a 50 per cent increase in grain exports during the five years from 1980 to 1985, and that it will make up its mind on whether that market is a probability we should be working for, and that it will make up its mind on whether or not that grain can be produced and sold and whether it can be transported to export positions.

The prospect for one of Canada's great and renewable natural resources is much brighter with this in mind, and that prospect underlies the fact that western Canada has still an important contribution to make to Canadian growth and prosperity and helps confirm the role of western agriculture as one of the great engines of Canadian economic expansion and growth. The increase in grain exports will supply enormous benefits to every part of the Canadian economy.

Honourable senators, these are the reasons why I hope you will approve Senator Argue's resolution, and will instruct the committee to continue its work in that direction.

**Hon. H. A. Olson:** Honourable senators, I should like to speak briefly on the motion before us, because it does open up for discussion a wide range of matters involving the international grain trade, transportation, and all of the other considerations that flow therefrom.

I will confine myself to the motion that the Agriculture Committee examine and report upon the problems of international co-operation in the marketing of grains. At the outset, I offer my sincere congratulations and commendations to the members of the committee, and especially to the Chairman,

Senator Argue, for the work the committee has done, particularly during the last ten months, specifically on the matter of international co-operation as stated in this motion.

There are three reasons for these observations. I suppose the first and foremost is the potential economic benefit that can flow from the activities of this committee to the producers of grain in western Canada. The second, and equally important, reason, if we are to take seriously some of the criticisms levelled at this chamber and its members recently, is that this committee is one of the most visible activities of the Senate. I would venture to say that at the moment Senator Argue is one of the best known senators in all of western Canada. If you look at the press releases having to do with the activities of this committee, you will see what I mean. They are voluminous both in terms of this inquiry into international grain marketing and in terms of the activities of the committee in the Kent County area of New Brunswick, as well as in terms of the committee's inquiries into the beef industry. I repeat that I think it fair to say that Senator Argue and his committee are better known to the public than perhaps any other member or activity of the Senate.

In that vein I have here a sheaf of newspaper clippings which is quite thick, but which represents only 10 per cent of what I have in my office of press reports on what Senator Argue's committee has been doing over the past year. It is no exaggeration to say that Senator Argue and his committee have been prominent in the public eye, their activities being described on the front pages of the two largest agricultural papers in western Canada, the *Western Producer* and the *Monthly Report*, formerly called the *Free Press Weekly,* which is put out by the Winnipeg *Free Press*. That Senator Argue has been able to accomplish this is in itself, I think, a great tribute to the man.

I believe I have the support of the members of this house on both the government side and the opposition side when I say that Senator Argue has demonstrated beyond any doubt that he and his committee have done a great deal of hard work on particular problems, and that they have put to the best possible use the limited resources available to them.

Just what was the problem that Senator Argue and his committee undertook to examine with respect to international co-operation in the grain marketplace about ten months ago? As Senator Roblin has pointed out, there was a misunderstanding between Canadian producers and United States producers and, in some cases, between Canadian policymakers and American policymakers. It is pretty clear from the conversations and meetings that took place between Canadian senators and American senators that not only did the American producers not understand how the Canadian system of marketing works, but neither did the policymakers or the administration in the United States understand how the Canadian Wheat Board marketing system is supposed to work. More particularly, they did not really believe that Canada could give a commitment, or have the tools in place to keep that commitment, with respect to the marketing of grain, particularly in respect of its being in competition with what they wanted to do.

I am sure that senators will agree that the grain officials in this country could talk to the senior grain officials in the United States, and that that would help to some extent. But it is also important, both for Canada and the United States, that the agricultural producer organizations in the United States fully understand the system that operates in Canada so that they can have the confidence that is necessary for them to enter into a co-operative arrangement with this country knowing that we will keep our part of the bargain. At the moment they simply do not understand our quota system and the controls that the Canadian Wheat Board has on the quota system here. Nor do they understand that in respect of wheat export, the Canadian Wheat Board is the sole marketing agency. If they understood that, they would know that when a commitment is made that commitment can be met by the Canadian Wheat Board in its offering and sales policy.

The discussions that went on between the senior officials on both sides of the border might have led to some understanding on the part of those senior officials, but I doubt that that understanding radiated out to the producers. What is more, I doubt that the United States would accept an attempt on the part of our senior grain officials to educate producers in the United States, or to publicize our system in their country.

However, there was no resentment. When Senator Argue invited American senators to Winnipeg to discuss these problems, those overtures were welcomed, because there had been some discussions going on before that, and senators on both sides had recognized that there was a problem. As a matter of fact, I understand that Senator Argue is now in Oklahoma at the invitation of a senior senator there and a state association of grain producers, and tomorrow he is to go to Texas at the invitation of a grain producing organization there, to explain our position in this matter.

What I am about to say now follows a little on what Senator Roblin has said. The specific problem that arose was that the United States loan level was too low. But there was a time in last March, April and May when the loan level set by the United States administration was, in fact, the major determining price for all the international grain trade, including Canada's.

● (1500)

The reason is very simple. Canada had committed itself to the limit of its capability to deliver to export position, and the same was true with almost every other major exporting country. They were unable to accept any further commitments because their capability was already fully utilized. Therefore the only country in the world where there were both supplies of grain and capability to deliver it was the United States. Yet they were selling it, as Senator Roblin pointed out, at something over $2.35 a bushel, or near that figure, because that was the effective loan level. A producer had the alternative of either selling it on the open market or he could take a loss. So it was sold. The fact remains that their producers could be paid up to the target price, which is 75 cents a bushel more,

provided it went into the loan. So the United States treasury had to make up that difference.

In Canada we have had, for domestic consumption only, a partial two-price system—I guess we did up until 3 o'clock today. I am not too concerned about the announcement that was made because I do not think it will change the return to producers—at least, not in the immediate future. The point is that if the United States administration had been persuaded it was to their advantage to raise the loan level by 70 or 75 cents a bushel, it is the opinion of informed senior people in the grain trade that it would have increased the world price from that very depressed level to something around $3 per bushel.

It would not have changed the volume, which has an important effect on prices. It is our opinion, and the opinion of the committee, that it would not have changed the volume. It would not even have changed or readjusted the share which Canada and the United States had during the period from sometime early last winter until the new crop came in this fall.

There was another important factor involved in all of this, namely, the balance of payments insofar as the United States is concerned. Honourable senators will realize that if this grain was being sold at a level below the so-called target price in the United States, or what producers had the right to expect, then the United States treasury made up the difference. According to estimates provided by the committee, the United States' share for a full year would have been about $3 billion.

There was not only acknowledgment from the United States that they had a major balance of payments problem that affected their dollar and other things, but there was also an acknowledgement from the Japanese and Germans that they ought to do something to relieve the severe balance of payments problems which the United States had. Here is a clear case of where, by increasing the price by about 75 cents a bushel, those two areas would have played a major part. I am referring to the European Economic Community and Japan. A major part of those balance of payments deficits could have been made up.

I do not wish to go into a whole lot of detail about what the future holds, or about what we could or should do, but I consider it useful to support what Senator Roblin has said about the limiting factor being our capability to deliver grain to export position.

A story appeared in the *Globe and Mail*, I believe, this morning to the effect that the Canadian Wheat Board had withdrawn from the Japanese tender for the month of January simply because it does not have the capability to deliver in the event that Japan took them up on any of those offers. In other words, our capacity to deliver to export position is full, so we have withdrawn from the market, or at least the potential market, for the month of January.

It is a pretty sad commentary on the whole system when we realize that even when our marketing and delivery system is running completely to capacity, and could run over capacity, we have to put up with prices that are below the cost of production. Prices have backed up a little now, and I suppose that some would say they are near the cost of production, but overall, if we add the increased costs which have occurred as a result of inflation during the past 12 to 24 months, the farmers' return from the international market is still slightly below the cost of production. I acknowledge that it has improved, but it is a long way below the cost of production of only a few months ago.

The argument has been advanced that prices can be set simply on the basis of supply and demand. When the demand is well over supply then surely the price should go up. But it has not, and that leads us to the obvious conclusion that Canada, by itself, does not set the price. We have never pretended that we did. We do not have enough muscle, if you like, in the scheme of things to establish market price in wheat, and therefore this international cooperation for which Senator Argue and his committee are asking is a very useful thing in terms of the interests of Canada and, particularly, the grain producers.

I would conclude by suggesting that we encourage the committee, and especially the chairman, because, in my view, he has done a very good job—in fact, an outstanding job—by any comparison one might wish to make, for western producers.

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

**Senator Olson:** We should also acknowledge that he has done a very good and useful job so far as the Senate's image is concerned.

I hope that honourable senators will not only support this motion, but that they will also provide Senator Argue with the resources he needs to do the kind of job he has demonstrated he is both capable of doing and willing to do. I will not go into details, but there have been times when he could have used a little more financial and other support to carry on the activities of the Agriculture Committee. The results of the committee's activities speak for themselves. Whether or not the committee is well known in central Canada, Ontario and Quebec, I am absolutely confident that in the west its activities are far more visible than any other activity of the Senate.

● (1510)

In conclusion, honourable senators, I ask you to support this motion and enable the Agriculture Committee to carry on its useful work.

**Senator Bosa:** I wonder if the honourable senator would permit a question. What is the cost of production of wheat?

**Senator Olson:** The cost of production is calculated by means of a very complex formula. I do not have it with me, but the Western Grain Stabilization Act requires that a cost of production factor be established, and that it be used in respect of the cash flow of farmers, whether they agree with the factor or not. By the way, there was a fairly substantial payment made out of that fund in the spring, and again in October. As I said, I do not have the formula with me, but it is available to the Chairman and members of the committee.

**Senator Bosa:** I do not wish to appear unsympathetic to the farmers, but if wheat is sold at a price below the cost of production—and up until a few months ago beef cattle were sold at prices below the cost of production—I wonder how they make a living.

**Senator Olson:** They live on their capital. When that capital runs out, they go broke. There are thousands of examples of this in the country, not only in grain farming but in other types of farming. If prices stay down too long, they simply fold up, sell out, and join the unemployment ranks in the cities. Farmers, obviously, have a little more time because they have a capital investment in their land, livestock and machinery. They can usually borrow against those assets for a while. When a farmer goes broke, though, he goes with a bang. When he is in so deep that he cannot pay any more, the banks close in on him. I would expect, even at today's prices which appear high to consumers, that there are hundreds, perhaps thousands, of beef producers who need at least five years of those prices to catch up on the debt they accumulated while selling at below the cost of production.

**Senator Benidickson:** Honourable senators, I missed my opportunity to ask a question of Senator Roblin. I wonder if I could have consent to ask that question now.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Benidickson:** I should like to preface my question by saying we are fortunate in having as members of this chamber a former Premier of a western province, and a former federal Minister of Agriculture. I have not heard a better discussion of transportation problems with respect to western grain in a long time.

May I also say that I had the discomfiture for six years, simply because I was Prairie-born and the most westerly member of the official opposition from 1957 to 1963, to be the so-called official opposition critic with respect to international wheat agreements and, generally, with respect to western agriculture. I felt very uncomfortable and apologetic in that role because I had little expertise.

My understanding is that historically and logically it would be the responsibility of the railways to provide rolling stock and satisfactory service to move western grain products. I know there has been some recent departure from that. An example of this would be the matter of hopper cars. Is this another move of a different nature to which Senator Roblin referred, if the Wheat Board itself, but to the charge of its clients, the western producers, is going to volunteer to foot the bill for the supply of cars for the moving of western grain?

Also, was the supply of hopper cars, which is a fairly recent development, charged to the taxpayers and the general revenues of Canada through the Department of Transport, and is this reference to a Wheat Board purchase of grain rolling stock something new and different again?

**Senator Roblin:** I have not seen any public document which sets out the principles by which the Wheat Board would get into the hopper car business, so I cannot really answer the question from personal knowledge. I rather fancy, though, that it is the counsel of desperation, because the Wheat Board has been supremely conscious of the fact that they could have sold more wheat last year. According to one of their estimates, they could have sold five million tonnes, or 20 per cent, more than they actually sold. If one is in the selling business and sees sales of this nature escaping—and Senator Olson has given us a fascinating example today of how this is going now with the problem of the Japanese bid—one can understand just how the Wheat Board feels. I think it is the counsel of desperation.

I must warn members of the Senate that that is purely a subjective opinion of my own. It may not be rooted in fact, but it is the best guess that I can give at the present time.

**Senator Benidickson:** I suppose Senator Roblin has seen the Commons *Hansard* of yesterday, and read that the Minister of Agriculture said that the Canadian Pacific Railway declined the government's offer to participate in the rehabilitation of 1,000 grain-handling cars. The particular exchange is to be found on page 1559 of yesterday's *Hansard*.

**Senator Roblin:** I thank my honourable friend for bringing this to my attention. Frankly, I did not see the statement, but it does not surprise me in the slightest. We have seen a minimum of co-operation, from my point of view, on the part of both railways with respect to facing up to this problem. We have had many complaints about grain cars being left to molder on the sidings in various places in western Canada when, according to the view of some, they could have been put into service.

As I said in my speech, there is some argument as to whether the shortage of cars is the problem or whether there are other problems as well. It seems to me that we are in a chaotic position. We don't know the facts—at least, I don't know them—about western transportation problems and where the bottlenecks are. I can only assume that conventional wisdom is right, and that the difficulties are in the boxcar situation and the terminals. It is hard to understand how an invitation to move grain, when extended to the two railways, can be refused in a manner which seems to be lacking any logical support.

● (1520)

**Senator Austin:** Honourable senators, my intervention in this debate will be brief. In the first place, I support the motion and agree with Senator Olson and others who have said that the Standing Senate Committee on Agriculture has done an outstanding job.

The purpose of my intervention is not to comment on the issues that Senator Roblin and Senator Olson have raised, but to raise an additional one. I had the opportunity to be in southeast Asia in October, a visit which concurred with a visit of the United States Secretary of Agriculture to China. It was a very high-powered visit from the point of view of the United States Government. I heard talk from China watchers at the southeast Asia meetings that I attended that the United States-grown wheat to China, and I was asked—and I pass the

question along to those who are experts in the area of the grain trade—What will that do to a very valuable market which Canada has held for many years?

The United States, as honourable senators are aware, is the producer of more than half of the wheat that finds its way into the world's export trade. Canada's share is a good deal smaller than that although, of course, it is a significant trade item for us.

I would hope that the committee, if it is empowered by the Senate to consider friendly co-operation in these matters, will look at that friendly co-operation that is so important to the maintenance of our traditional China market.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, November 30, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Document entitled "Canada's Hosting Policy: Sport Event Guidelines," dated November 1978, issued by the Minister of State (Fitness and Amateur Sport).

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

FIRST READING

**Senator Perrault** presented Bill S-10, to facilitate conversion to the metric system of measurement.

Bill read first time.

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

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, November 29, 1978

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-7, intituled: "An Act to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax," has, in obedience to the order of reference of Thursday, November 23, 1978, examined the said bill and now reports the same without amendment.

Respectfully submitted.

Salter A. Hayden
*Chairman*

**The Hon. the Speaker:** When shall this bill be read a third time?

**Senator Thompson** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## RETIREMENT AGE POLICIES

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Anderson be added to the list of senators serving on the Special Committee of the Senate on Retirement Age Policies.

Motion agreed to.

● (1410)

## HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Lang and McIlraith be substituted for those of the Honourable Senators Croll and Smith (Queens-Shelburne) on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

## TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting on Tuesday next, 5th December, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, 6th December, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, December 5, 1978, at 8 o'clock in the evening.

Before the question is put, I should like to give an explanation of next week's business. In moving the adjournment of the Senate to Tuesday evening, we have taken into consideration that Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973, which we had thought would come to the Senate this week, has not yet passed in the House of Commons. We do expect to have Bill C-10 by Tuesday. We might have sat on Tuesday afternoon, but with the heavy committee schedule for that day this would not be feasible. When these committees were set down, it appeared that we would be sitting Monday evening and Tuesday evening next week, leaving all day Tuesday for committees.

On Tuesday evening we will proceed with the second reading of Bill S-10, to facilitate conversion to the metric system of measurement, and hopefully also with Bill C-10. The supply bill covering supplementary estimates (A) for the fiscal year ending 31 March, 1979, should pass in the Commons next Thursday night, December 7. It could very well be necessary for the Senate to sit on Friday, but this cannot be determined until some time next week when we see how the work progresses and what may come from the other place.

As I mentioned before, the committee schedule for next Tuesday is heavy. The Banking, Trade and Commerce Committee will meet at 9.30 a.m. to hear witnesses on the subject matter of Bill C-15, the Banks and Banking Law Revision Act, 1978. The Special Committee on the Northern Pipeline will meet at 10 a.m., and the Special Committee of the Senate on the Constitution will meet *in camera* at 10.30 a.m. and 2 p.m.

The Health, Welfare and Science Committee will meet at 10 a.m. on Tuesday to commence its advance study of the subject matter of Bill C-14, to amend the Unemployment Insurance Act, 1971. The Health, Welfare and Science Subcommittee on Childhood Experiences will meet at 4 p.m. The Transport and Communications Committee will meet at 8.30 p.m. to continue its consideration of Bill S-6, Shipping Conferences Exemption Act, 1979. The Retirement Age Policies Committee will meet at 2 p.m., and the National Finance Committee will meet at 2.30 p.m. to consider the DREE estimates.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. and again at 2.30 p.m. to continue its consideration of the subject matter of Bill C-15, the Banks and Banking Law Revision Act, 1978. The Legal and Constitutional Affairs Committee is planning to meet when the Senate rises to deal with Bill S-9, the Fugitive Offenders Act, should that bill have been referred to it. The Agriculture Committee has arranged to meet when the Senate rises.

On Thursday the Retirement Age Policies Committee will meet at 9 a.m.; the Banking, Trade and Commerce Committee will meet at 9.30 a.m. on the subject matter of Bill C-15; the National Finance Committee will meet at 9.30 a.m. to consider the DREE estimates, and the Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

**Senator Smith (Colchester):** Honourable senators, I may have missed it, but does the list of meetings include one for the Transport and Communications Committee, which was authorized to take place on Tuesday night while the Senate is sitting?

**Senator Petten:** It was mentioned, senator, yes.

**Senator Olson:** Honourable senators, the outline of committee work indicated that the Pipeline Committee meeting, to be held on Tuesday at 10.00 a.m., will be held *in camera*. That is correct, of course, because the committee will be considering a report to the Senate. However, two witnesses have been invited to come back, and if they accept the invitation that part of the meeting will obviously be open and will be reported.

Motion agreed to.

## ENERGY

### AGREEMENT WITH ALBERTA ON THE PRICE OF OIL AND GAS—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government to try to clear up some confusion that appears to exist in the press with regard to a new or amended agreement between Alberta and Canada respecting the date for increasing oil prices. Has a new agreement, or an amended agreement, or a postponed feature in the present agreement, been concluded between the Government of Canada and the Province of Alberta?

**Senator Perrault:** Honourable senators, I am unable to confirm that report at this time.

**Senator Olson:** A supplementary question. Are there other significant factors, not particularly related to the price of crude oil but to the expansion of gas markets into eastern Quebec and the maritimes, that are all part of the new package agreement?

**Senator Perrault:** Honourable senators, a number of options are now under study, but it is not possible for me to comment today on this subject.

**Senator Olson:** A further supplementary question. There seems to be at least one official confirmation that a new arrangement has been reached between the federal Minister of Energy, Mines and Resources, the Honourable Alastair Gilles-

pie, and the Alberta Minister of Energy and Natural Resources, the Honourable Donald Getty, with respect to the dates and other factors involved. It seems to me that we should have official confirmation of this, because if it is true, then it may be that Quebec and Maritime Pipeline Ltd. would like to amend its application to the National Energy Board now that the federal government has apparently already agreed to it. I wonder if the leader could give us an undertaking to clear this up as soon as possible because of the very important changes that will flow from this agreement if these reports are correct.

**Senator Perrault:** Honourable senators, the government is aware of the implications, and, of course, the matter has been under discussion. I can only give the commitment that, as soon as it is possible for me to make a statement on the subject, that information will be conveyed to the Senate.

• (1420)

**Senator Olson:** A final supplementary. Could the Leader of the Government indicate when that announcement will be made?

**Senator Perrault:** I have no further information at this time.

## PUBLIC WORKS AND URBAN AFFAIRS

### RESPONSIBILITY FOR HOUSING—QUESTION

**Senator Marshall:** Honourable senators, I asked a question of the Leader of the Government on Tuesday last with respect to housing and urban affairs. I am surprised that I have not yet had an answer. My question concerns low rental housing for veterans, and additional benefits provided veterans under the Assisted Home Ownership Program. These are important matters for veterans, so I would appreciate any information the leader can provide on this subject.

**Senator Perrault:** The question will be taken as notice.

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Forsey asked a question yesterday with respect to the alleged use of social insurance numbers on mail to armed forces personnel overseas. I have been informed by the Minister of National Defence that the social insurance number does in fact replace the old regimental number on overseas mail addressed to armed forces personnel. It is required for overseas mail and for ships at sea because of the great difficulties experienced if there is not specific identification.

The Minister of National Defence stated yesterday, and I quote:

> We may have a number of "Al Jones" on a ship or in a Middle East force. It is necessary in that system: it is my understanding that it is not required for any base in Canada.

He went on to say:

> It seems to be a logical application of the social insurance number as a replacement for the regimental number of the past. It is for easy identification.

And he also said:

> —I have had no complaints from those in the service with reference to this matter.

**Senator Rowe:** If I might ask a supplementary, does the Leader of the Government know whether the use of the social insurance number in that respect was made with the individual or collective approval of the members of the armed forces?

**Senator Perrault:** Honourable senators, I cannot at this time give the genesis of the concept. Inquiries will be made.

### USE FOR INCOME TAX PURPOSES

**Senator Grosart:** Honourable senators, I note that the Leader of the Government did not answer my supplementary in respect of the use of the social insurance number, which dealt with whether such uses of SIN identification were in accordance, or otherwise, with assurances given by the government that this kind of use would not be made.

Perhaps the leader has not had time to find an answer, but I think it is essential that we have an answer as to whether this and other uses that are being made of the social insurance number are contrary to the clear assurances made at one time, if my recollection is correct, by the government.

**Senator Perrault:** Honourable senators, if Senator Grosart would care to bring to the Senate the instances in which the government has said that the social insurance number would not be used for this purpose, I would be pleased to have that information and that evidence, which would then be conveyed to the appropriate minister, together with an inquiry. However, I know of no commitment ever given by the government that social insurance numbers would not be used for this purpose.

**Senator Grosart:** Perhaps the Leader of the Government, instead of asking me to obtain the evidence, would inquire of the appropriate authorities whether such assurances were ever given. I think that is a proper question for me to ask.

**Senator Perrault:** Additional inquiries will be made of the Minister of National Defence. However, it is not the practice of the government to engage in illegalities. I feel confident that there will be no evidence produced to indicate that this is an illegal action.

**Senator Grosart:** By way of clarification, I made no charge or suggestion that it was an illegal action. I was careful to use the phrase, on both occasions, "contrary to assurances given."

**Senator Smith (Colchester):** It's just a broken promise.

**Senator Grosart:** I am quite sure, as Senator Smith has said, it was just a broken promise. There have been broken promises in the record of governments, including this one.

## AGRICULTURE

### TWO-PRICE SYSTEM FOR WHEAT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, yesterday the important question of wheat and bread prices was raised, and I have received additional information today. With respect to the impending amendments to the two-price wheat act, scheduled for tabling in Parliament, it is important to stress certain aspects of the amendments. The amendments will convert the original subsidy system of protection for farmers to a guaranteed floor price of $4 per bushel for wheat sold for food use in Canada so as to cover their costs of production. Consumers will also benefit from protection against any extreme rises in world wheat prices by the $5 maximum millers will pay even when the world price exceeds $5.

In this way the farmer knows what his minimum is going to be regardless of world fluctuations, and millers know that their price range is controlled within the $4 to $5 price band.

Federal spending will be cut by $100 million under the legislation. Thus, after the bread increase in January, which could run from five cents to seven cents a loaf retail, consumers can expect a stable consumer price.

As the minister responsible for the Canadian Wheat Board and chairman of the grains group, the Honourable Otto Lang, states:

> We are most reluctant to see this price increase in bread. However, this whole pricing framework was becoming seriously distorted in the wheat chain and sooner or later we had to face the facts.

It is pointed out that the forthcoming adjustments in guaranteed income and other assistance programs, as I suggested yesterday, will help lower income Canadians and pensioners in the coming year.

Government officials have met with the milling industry and have an undertaking from them that they will use up existing stocks of wheat at the current prices and not pass on the new costs until January of 1979.

The Centre for the Study of Inflation and Productivity is being asked to keep an eye on the prices of all bakery products for the next few months and report on any unusual mark-ups.

Under the old system, millers paid a straight $3.25 per bushel for number one wheat for Canadian consumption regardless of the world price. Farmers were paid the difference between the millers' price of $3.25 and the world price. However, in the view of the minister responsible for the Wheat Board, this was becoming increasingly unrealistic.

First, farmers' production costs exceed $3.25 per bushel and have done so for several years. Also the costs of subsidy to make up the world price differential was becoming exceedingly heavy. As Mr. Lang states:

> It was apparent it was time to review the two-price system as originally drafted and try to retain the essential elements of protection and guarantee but place it on a more realistic financial footing.

[Senator Grosart.]

## CONSUMER AND CORPORATE AFFAIRS

### INCREASE IN PRICE OF MANUFACTURED GOODS—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government. In view of the dramatic increase in the price of manufactured goods, an increase which is attributed not to the costs of production but to marginal increases in the profits of the manufacturers, does the government intend to do anything in this area?

**Senator Perrault:** Honourable senators, the Minister of Consumer and Corporate Affairs has indicated his continuing concern with allegations of inordinate profits made by certain companies. However, I have listened with interest to statements made by certain critics of the government, some of whom, for example, speak of "40 or 50 or 60 per cent increase in profits over last year," but fail to make any mention at all of what the alleged profit represents in terms of a return on invested capital. A number of factors are very important in attempting to assess whether certain companies, as some allege, are burdening the consumer with inordinately high prices.

● (1430)

**Senator Bosa:** It has been intimated that these increases dissipate the advantages that we have derived through devaluation of the dollar and our competitive position vis-à-vis the market outside of Canada.

**Senator Perrault:** The honourable senator has made a valuable point. I can give an assurance that the situation is being closely monitored. However, as I said earlier, there have been some irresponsible statements made by certain groups in this country about the profit situation. For example, I remember that a few years ago reference was made to an alleged corporate rip-off in this country; statements were made concerning allegedly huge percentage increases in profits by certain corporations over the previous year, when in fact some of the corporations had been in virtually loss positions the previous year. All statistics have to be analyzed very carefully and responsibly. This is the endeavour of the government.

**Senator Bosa:** Would the Leader of the Government make this information available to honourable senators so that they have a proper perspective on this issue?

**Senator Perrault:** Certainly the minister responsible will be asked for information on the subject, which can be provided for the Senate.

**Senator Olson:** Would the leader take into account the reports of several chartered banks last week, which report an increase in profits of anywhere from 30 to 40 per cent from a year ago, which was also a satisfactory profit year?

**Senator Perrault:** That area is always part of any investigation or monitoring by the government. The concern of the honourable senator will be brought to the attention of the appropriate minister.

## TRANSPORT

### TRAIN SERVICE BETWEEN NEW BRUNSWICK AND MONTREAL—QUESTION

**Senator Riley:** Honourable senators, I have a question for the Leader of the Government. There are persistent rumours that the train schedule between Saint John and Western New Brunswick and Montreal is to be changed in order to eliminate the convenience of the present schedule. The present schedule brings the people of Saint John, western New Brunswick and southern Quebec into Montreal at 8 o'clock in the morning, where they can spend their day doing their business and shopping, and then return, leaving Montreal at 6 o'clock in the evening. The rumour is that it is the intention of VIA, or the operating agency, to turn this train into a day-nighter.

**Senator Forsey:** Good God!

**Senator Riley:** That is, it would leave Montreal at 12 o'clock midday, arrive in Saint John at 12 midnight and return at similar times the next day. This would eliminate all the benefits the people of this area presently have from this passenger service.

I consider this question urgent, because the rumour is that the change will probably take place early in the new year, and I would anticipate, because of lack of promotion by CPR, VIA, CNR or whatever body is involved, that they are going to say the passenger service is not used to any great extent. Let me add, in anticipation of the answer, that this is only because of the fact that there has been no promotion of the service. Advertising and public relations people have not been drumming up business for it. It would be nice to have an answer so that before we are raped we can prepare to defend ourselves.

**Senator Perrault:** I take that question as notice.

## CONSUMER AND CORPORATE AFFAIRS

### INCREASE IN PRICE OF BREAD—QUESTION

**Senator Riley:** Honourable senators, in view of the fact that there are conflicting newspaper reports regarding the increase in the price of bread brought on by the elimination of the subsidy to the wheat farmers, could the Leader of the Government direct an inquiry to the Minister of Agriculture to obtain from his nutrition section a recipe for making bread out of potato flour? If the people in the maritime provinces were able to convert potatoes into flour and make bread from it, it would give them the chance to counteract at least to some extent the increase in the price of bread, which, according to news reports, will rise from five cents to twelve cents a loaf.

**Senator Flynn:** What kind of subsidy would you need?

**Senator Perrault:** In respect of bread prices, the minister has estimated that a fair increase in the price of a loaf of bread retail would be from five cents to seven cents. However, in our free enterprise system surely the markup of the bakeries and retailers will largely determine what the price of that loaf will be in one's favourite store.

**Senator Buckwold:** Honourable senators, may I take this opportunity to correct one statement of Senator Riley's so that it will not go unchallenged?

**Senator Asselin:** Are you asking a question?

**Senator Buckwold:** No, I am simply correcting a statement Senator Riley made when he was putting his question. He said that there had been a subsidy to the wheat farmers. I even wrote down that comment, because I was astounded by it. The fact is that the subsidy was to the consumer of bread, not to the wheat farmer. The wheat farmer had a floor ceiling of $3.25, which is now going up to $4. I don't want anyone to be under the misapprehension that the $100 million subsidy went to the farmers. It went to the consumers.

**Senator Riley:** I stand corrected, Senator Buckwold, and I apologize.

## FUGITIVE OFFENDERS BILL

### SECOND READING

The Senate resumed from Monday, November 27, the debate on the motion of Senator McIlraith for the second reading of Bill S-9, respecting fugitive offenders in Canada.

• (1440)

[*Translation*]

**Hon. Martial Asselin:** Honourable senators, I did not intend to participate in the debate on second reading of this bill, particularly when I saw that our friends opposite were beginning to quarrel, which gave me the impression that the further we get in the session the more we see that the government side is divided. And when the government side is divided, well, we know what happens.

In any event, I have been asked to say a few words on the bill now before us. Of course, there are not many things to be said as it is nearly a repetition of Bill S-8 that was introduced in the Senate last year. Indeed, Senator McIlraith pointed out that there is no significant departure from the old bill.

This afternoon I read the statement by the Minister of Justice, the Honourable Ron Basford, when he appeared before the committee on Bill S-8. He said that they had been forced—of course, he was right—to change a law that was as old as the Canadian Confederation. The old law is nearly 100 years old. He went on to say that, of course, several factors had made those changes to Bill C-8 necessary, particularly the ease with which modern society can move, and that we were living in an age of rapid communication. In addition, there are in many countries social movements, major political malaises, which result in a substantial increase in crime and allow criminals to move more easily from one country to another after they committed a crime.

So, honourable senators, the opposition is not coming all out against this bill, Bill S-9, because we understand its importance and the need for it.

Nevertheless, when you examine this bill closely, certain questions come to mind, and we would like to have clarifica-

tion, more detailed explanations to understand certain terms used in the bill now before us.

The first clarification that I would like to get from the sponsor of the bill has to do with offences of a political character. Instead of giving the definition of what an offence of political character is—then, of course, it refers to political prisoners—it provides a definition, but by way of exclusion. It says:

> "offence of a political character" does not include
>
> (a) the murder, kidnapping or other assault on or restriction of—

Second, it does not include such and such a crime; third, it does not include also such and such a crime.

There is no definition of what a political prisoner is, what an offence of a political character is. They will tell you that a political prisoner is one who in his country is being pursued by the authority in power, the government, for an offence he has not committed but whom the government would pursue in any case to get rid of him as someone opposed to the authority in power. This might be it. However, there might also be a definition that was forgotten in the bill and which would be extremely important in judging individual cases as they occur.

When someone is charged with an offence, it is not easy to determine if he is guilty of a criminal or a political offence. I saw this myself when I was asked by a United Nations commission to go to Ruanda-Urundi in 1961, with a delegate from Brazil and another from Tunisia, before independence was granted to Ruanda-Urundi, as the United Nations had adopted a resolution asking a commission to go to that country to study the records of approximately 2,000 political prisoners of the Belgian administration of that time who had been imprisoned following a revolt or a popular revolution The three commissioners had to study each record and hear the representations of counsel for the Crown and the defence. Moreover, we often had to visit the prisoners, who were designated as political prisoners, to determine whether they had used this revolt to commit criminal offences or to take revenge against a neighbour or someone else.

Honourable senators, I can guarantee that it was difficult for us, when we met the general delegate who represented the Belgian administrative authorities, to tell him: Well, in our view such-and-such a prisoner in such-and-such a jail has committed a political offence and not a criminal offence.

I therefore understand that it is not easy to define a political prisoner in this bill.

In my opinion, we had political prisoners ourselves in 1970 when Canada implemented the War Measures Act. Everyone will recall the facts. The government said that there was a risk of insurrection in Quebec and that it had to do something to stop it. It then sent the army into the province of Quebec to get the situation under control. Moreover, hundreds of persons were arrested in a single night and were held for a week or ten days without a hearing. To my mind, they were political prisoners. However, were the people who played an active role in the FLQ and who opposed the established system political prisoners? Nowadays, we hear about people like the Cossette-Trudels who want to come back voluntarily to Canada to be tried. Are these people—



[*English*]

**Senator Perrault:** Honourable senators, I am authorized to inform the Senate that neither our posts abroad nor the department in Ottawa have yet been approached by the Cossette-Trudels, regardless of the press report of yesterday.

● (1450)

[*Translation*]

**Senator Asselin:** I thank the Leader of the Government for that information. However, this was not the purpose of my remarks. Nevertheless, the fact is that if the Department of External Affairs has not been approached yet, it might be only because they do not need a new passport to return to Canada, as I understand that they never gave up their Canadian citizenship. In any event, the Department of External Affairs will deal with those administrative aspects of the matter. Of course, some colleagues told me that those people could not come back to Canada as they had committed a kidnapping. Considering the political circumstances prevailing in 1970, are they not going to claim that they are political prisoners? I put that question to the house to demonstrate that this bill might have given a more accurate definition of political prisoner and political offences. This is the first remark I wished to make.

My second point concerns the discretionary power of the minister. This has already been discussed in committee and we come back to it in Bill S-9. Generally, except for very important matters, I have always been against the use of discretionary power by the minister when a court of justice has rendered a decision. We know that, pursuant to this legislation, those under a deportation order who have been seeking refuge in our country will have to appear before a judge, before a court. That court will have to establish evidence and the judge will decide if those people shall be sent back to their country to be tried there. However, from time to time the minister will be able to use his discretionary power as a cabinet member. But when a court of justice has rendered a decision, can we allow the minister to use his discretionary power and say that, in spite of the decision of the court, that person will not be deported to his country for such-and-such a reason?

Again I think that the minister will have to give up this discretionary power and leave to the courts the use of the power he has under this act.

The third point I wanted to mention is the one also raised by Senator McIlraith when he indicated the new elements contained in the bill. If Senator McIlraith wishes to keep track of my arguments I would refer him to page 268 of *Hansard* for November 27, 1978, when he said:

> There is one substantial change made, and only one, between Bill S-8 of the last session and Bill S-9 of this session.

This has to do with the discretionary power of the minister of refusing to surrender a fugitive to any country which applies the death penalty.

Under Bill S-8, which was very precise in its wording, the minister could refuse to deport to another country a fugitive in Canada, if the death penalty was applicable in that country and if that person by the fact of being returned to his country would be exposed to such a punishment.

We are now going even further in the present bill because its sponsor tells us, and I quote:

> The revised provision—and it is a completely changed clause—allows the minister discretion to refuse to surrender a fugitive "where it appears to him that the fugitive offender would be likely to suffer an excessively severe or inhumane punishment for the returnable offence in respect of which his return is requested."

Honourable senators, you see what I meant when I said earlier that the discretionary power of the minister is often dangerous, especially when it is applied or used. In this case, in addition to refusing to surrender a fugitive to the country to which he belongs and where he has committed a crime, the minister could also refuse to extradite if the fugitive offender is likely to suffer an excessively severe or inhumane punishment. Yet no definition is given as to what is meant by excessively severe or inhumane punishment.

Once again I think that this bill is ambiguous. What is meant by excessively severe or inhumane punishment? Does it mean a long jail sentence? Does it mean a sentence to hard labour? Are we actually dealing with a sentence when a fugitive would be submitted to torture? We do not know. In my opinion, when the minister appears before the committee he will have to define what he means and submit a list to be included in this bill, which would mention the excessively severe inhumane punishments which would allow the minister to refuse to surrender a fugitive illegally staying in Canada.

These are essential points. There are other issues which leave me wondering. One of them has to do with the question of setting bail. It is provided in this bill that the offender will be allowed to apply for bail. Again it has been the tendency in Parliament these last years to try to shift the burden of the proof, which has been on the Crown to prove the accused guilty. Up until now, the Bail Act has provided that where the accused is requesting bail it is up to the Crown to show cause why it should be denied. Under the legislation before us, the accused, the person to be deported, must satisfy the court that bail should be granted. As I said, this is reversing the burden of proof. It is not basic to our criminal law, as it is in French law, that the accused be guilty until proven innocent. Here, he is innocent until proven guilty.

Now, honourable senators, I could of course raise other matters needing clarification or further details, but I think this could be done in committee. In the face of these ambiguities I have pointed to this afternoon, it is essential in my view that the bill be referred to the Standing Committee on Legal and Constitutional Affairs, for further study.

Before concluding however, I would like to ask the mover—and if he cannot answer, the minister will do so in committee—why this legislation applies only to Commonwealth countries recognizing the Queen as head of state, not to the other Commonwealth countries that do not recognize her. I cannot see the rationale behind this. If we refer back to Bill C-60, which was put forward by the government during the last session, under that piece of legislation the government, in the views of a number of senators, including Senator Forsey—the government changed the role and responsibilities of the Queen in favour of the Governor General. Looking at the bill as it is written, the legislation would not apply here, for the reason that the Queen would no longer be recognized as Queen of Canada, as certain senators submit would be the case under Bill C-60, because that responsibility would have been transferred to the Governor in Council.

Those, honourable senators, are the comments I have at this stage on Bill S-9. I feel it should be referred to committee, but we are pleased to state at this point that we support the principle of the bill, and I submit the time has come for the government to shake some dust off this century old statute.

[*English*]

**Hon. George J. McIlraith:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator McIlraith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator McIlraith:** Honourable senators, in reply to the remarks of Senator Asselin I must say I thought that on second reading I dealt with the difficulty, as I saw it, in the definition of the term "political offender." It is, of course, a matter of definition that varies from time to time; indeed, the term was unknown when the original bill was passed some 96 years ago.

• (1500)

I can see no relationship at all between the definition of "political offender," as it is found in the bill before us, and those concerned in the FLQ crisis of 1970. In that case we are dealing with Canadians who are out of the country by their own choice. They were not charged with any criminal offence and are not now charged with any criminal offence. However, there was an indication given that they would be charged if they returned to Canada. Indeed, I know nothing of the current suggestion that they are considering returning to Canada, except what I read in newspaper articles.

I listened with attention to the statement of the Leader of the Government on that matter today. In any event, there is no attempt to return them by means of extradition proceedings at the present time. I should say I am unwilling to relate the circumstances of 1970 to this legislation.

**Senator Asselin:** You were the Solicitor General at that time.

**Senator McIlraith:** Yes. I made it clear in my introductory remarks that I hoped a Senate committee would look closely at the clause dealing with political offenders, because I think it requires careful examination.

The next point raised by the honourable senator concerned the discretion of the minister in respect of refusing to return an alleged offender to a foreign country in certain circumstances. I took the precaution of directing the attention of the house to that clause in my opening remarks on November 27. It will be seen that the discretion is wider than that in Bill S-8, which was before the Senate in the last session. The former bill gave a discretion simply to refuse to return a person sought to be extradited by a foreign country if the death penalty could be exacted for the offence. It was limited to that, but clause 18(1) now gives a wider discretion. It states:

> The Minister may refuse to order the surrender of a fugitive offender where it appears to him that the fugitive offender would be likely to suffer an excessively severe or inhumane punishment for the returnable offence in respect of which his return is requested.

I am usually opposed to granting a minister discretion, but the granting of the discretion in this case arises because the Commonwealth has grown from a small number of countries to a large number of countries, and one of the difficulties arising out of this is that in some parts of the Commonwealth parliamentary democracies have changed to systems of government that are very foreign to us. This has carried with it some concepts of criminal law that are, indeed, not acceptable as far as any Canadian is concerned.

I am sure honourable senators have read recent articles about a person who was up for deportation. He told the immigration authorities that if he were returned to his own country he would be punished by being torn apart by camels pulling his limbs in four directions at the same time. I do not know whether that would have been the case, but that concept of punishment is one that is totally offensive to Canadians. Surely there must be a discretion to refuse to return a fugitive offender if he faces punishment as severe as that.

There are many countries in the world with different systems of government. For instance, there is one notorious head of state who executes people with sledge hammers. I am sure no Canadian would approve of that type of punishment. We must be realistic in our thinking, and recognize that this type of change has occurred over the years.

A question was raised with respect to those parts of the Commonwealth where the Queen is head of state. I am afraid honourable senators did not understand my remarks, probably because I did not make them sufficiently clear. I attempted to say that the present act is applicable to those parts of the Commonwealth where the Queen is recognized as head of state, and not to those countries where she is not. The proposed new legislation is applicable to all parts of the Commonwealth. That was the distinction I was drawing, and not a distinction between this bill and Bill S-8 of the last session.

On the subject of bail, the discretion now given a judge in Canada is to hold an accused person in jail until there is a bail hearing. The accused can then demonstrate why he should have bail. I was not pointing out a change as between Bill S-8 and Bill S-9, but rather the difference between this law and the criminal law in Canada as applied to Canadians who usually have established residences, and so on. That is the distinction I was trying to draw to the attention of the Senate. The rule applicable in ordinary cases under the criminal law is not being made applicable in extradition cases.

I hope honourable senators will find my remarks helpful in understanding the bill, and I look forward to a complete examination of it in committee.

● (1510)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator McIlraith** moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

The Senate adjourned until Tuesday, December 5, at 8 p.m.

# THE SENATE

**Tuesday, December 5, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## THE LATE HON. JOHN JAMES GREENE, P.C.

ADDRESS PREPARED FOR THRONE SPEECH DEBATE PRINTED AS AN APPENDIX

**Senator Croll:** Honourable senators, on Thursday, October 19 last, the late Senator John James Greene rose on a question of privilege to request that his name be correctly spelled in the *Minutes of the Proceedings of the Senate.*

He had made arrangements with the whip to participate in the debate on the Speech from the Throne on Tuesday, October 24. He had prepared a typical Greene speech for the occasion. He died on Monday, October 23, and was buried on Thursday, October 26.

In his lifetime he delivered many speeches in Parliament. There is one undelivered speech to which I should like to refer. Senator Greene's family and many senators have asked that the speech he prepared for delivery on Tuesday, October 24 be appended to the *Debates of the Senate* of this day, and I so request.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** It is so ordered.

(*For text of speech, see appendix, p. 311.*)

## THE HONOURABLE TED STEVENS

EXPRESSION OF SYMPATHY TO UNITED STATES SENATOR

**Senator Lafond:** Honourable senators will have learned of the tragic accident which befell the United States senator from Alaska, Ted Stevens, and Mrs. Stevens last evening. Ted Stevens has been a merciless and tenacious adversary of a number of our policies, particularly in the fields of energy and environment, in recent years. Nonetheless, he has also been an honourable and dear friend of Canada and of Canadians.

Mrs. Stevens died in the accident. Senator Stevens' condition, according to my last information, is stable, and he is possibly recovering.

Senator Stevens has been a continuing and active member of the Canada-United States Inter-Parliamentary Group. My wife and I had the pleasure of spending an hour or two with the Stevens last Thursday evening in Lisbon, where we were all attending the North Atlantic Assembly. On Friday morning they were leaving somewhat earlier than we were, and Ted and Ann and my wife and I were talking about when our next get-together would be, and planning to telephone each other soon to make plans. The news, heard and seen last night, was an utter shock.

To their children, Susan, Beth, Roger, Ted Junior, and Ben I would like to offer an expression of our deep grief and sympathy on the demise of Ann Stevens. To Ted may we extend the assurance of our prayers for his recovery and continued contribution to the essential affairs of his state and his country, both being more immediate neighbours to us than other areas, and his continued sympathetic co-operation in North American public service.

**Senator Lang:** Honourable senators, may I add a word to Senator Lafond's remarks.

Those of us who have served on the Canada-United States Inter-Parliamentary Group knew Senator Stevens and his wife, Ann, very well. Senator Stevens is probably one of the most articulate and knowledgeable members of the American side of that group, and his contribution to our deliberations has been without parallel. To all of us who have known him, this news comes as a terrible shock, particularly because of our knowledge of the loss he will feel and the suffering he will go through as a result of the death of his wife.

I would like to express, on behalf of the Canadian side of the Canada-United States Inter-Parliamentary Group, our deepest sympathy to Senator Stevens, and our wish for his rapid physical recovery and for his recovery from the personal shock of the tragic loss of his wife.

## INCOME TAX ACT
## FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

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

**Senator Barrow:** With leave, now.

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

**Hon. Senators:** Agreed.

**Hon. A. Irvine Barrow:** Honourable senators, Bill C-10 contains one of the most significant social policy reforms of the

past decade in this country. The changes it introduces represent a significant reform of the child benefit system. The main feature of the reform is, of course, the introduction into the federal tax system of a refundable tax credit. This will make our social security system more selective. As well, benefits will be reduced for those who are better off financially, and increased for lower and middle income families who are most hurt by inflation.

There is a need for the government to adjust the income that a family has at its disposal because, in our free market system, wage rates are set without regard to the family responsibilities of the worker. Of course, this is the only reasonable way in which the system can operate. However, it does mean that wage earners with large families may find that they have insufficient income to provide for the needs of their children. In such cases, then, there is a natural and necessary role for government.

This was recognized over 30 years ago by the Marsh Report on Social Security for Canada which recommended the introduction of family allowances. Indeed, the then Prime Minister, the Right Honourable W. L. Mackenzie King, argued that it was society's overall responsibility to assist in the costs of child rearing. He further argued that, since all children were an asset to the nation, family allowances should be universal.

● (2010)

Child benefits have a long history in Canada. Successive Canadian Parliaments have improved and expanded these benefits. In 1918, only one year after it was introduced, the income tax system was amended to introduce child tax exemptions. These exemptions have been a major element in our tax system since then. I might note, however, that for a brief period during World War II, they were replaced by non-refundable child tax credits. Mr. Mackenzie King introduced family allowances in 1945 to assist Canadian families with the costs of raising children. They have been increased periodically since that time, and in 1974 were tripled in value to $20 per child and were indexed to the cost of living. The most recent addition to the federal child benefits system is the $50 per child adjustment to the federal tax reduction which was introduced in 1976.

The system which has evolved in Canada, then, combines both tax adjustments and direct transfers to families with children. Family allowances provide benefits of $308 per child per annum to mothers. These benefits are fully indexed and are taxable. In 1978, they will provide some $1.8 billion of after-tax benefits to families with children. The tax system also provides fully indexed child exemptions. These are $460 per child for dependent children under 16 and $840 per child for dependent children 16 and over. The cost of these exemptions in terms of federal taxes foregone is estimated at about $650 million for 1978. Finally, many Canadian families benefit from the $50 per child tax credit. This provides about $260 million of assistance. Together, these components of the federal child benefits system distribute about $2.7 billion to Canadian families with children.

Thus, the child benefits system provides assistance to all the approximately 7.2 million Canadian children. The two major elements of this system, family allowances and child tax exemptions, are fully indexed to the cost of living. This ensures that the assistance they provide is protected against the rising cost of living. Finally, the family allowances are paid to the mother to ensure that the money is spent in the best interests of the child.

Nevertheless, deficiencies remain. The system is not as equitable as it could be. Federal child benefits are less for a poor family than for a rich one. For example, an Ontario family with two children and $5,000 of annual income receives benefits only from family allowances. Thus, it receives $616 this year from the federal government. Contrast this with the benefits received by a two-child family which has $50,000 of annual income. They receive both the taxable family allowance and the child tax exemption. Together these provide the family with $774 of assistance. What's more, if the children were of age 16 and 17, this family would actually get $1,168 because of the higher tax exemption for older children. However, a low income family with two children of age 16 and 17 would still get only $616.

Therefore, despite the major commitment of government resources amounting to $2.7 billion, the child benefits system is not as effective as it could be in meeting the needs of children. There are still nearly 600,000 families with over one million children living in poverty. Further, there is considerable evidence that such children are severely undernourished and suffer from a much higher incidence of sickness than more fortunate children. Moreover, severe retardation in their physical development has also been identified. Naturally, with these physical disadvantages the school performance of these children also suffers. And, these disadvantages mean that the children grow up without the training and skills to get good jobs. They are relegated to low-paying, unsatisfying work. As a result, they in turn are unable to give their children a good start in life, and so the vicious circle of poverty continues.

Beyond this direct human cost to the poor themselves, there are also significant economic costs to society. It means greater demands on a whole range of government services such as social services and health care. Unfortunately, because of the despair and alienation it breeds, poverty also leads to more crime and violence in our society. Furthermore, failing to give all children the best possible start in life is a waste of valuable human resources. Because they are less well educated, they are not able to reach their full potential as productive members of society. The disadvantages faced by many children in need eventually result in lower economic growth. Everyone loses from poverty, and so everyone gains when poverty is reduced.

In spite of our achievements in this area there is still a need for more to be done. Even with the level of assistance we are now providing, many families are still experiencing difficulties in meeting the needs of their children. Families with children are particularly vulnerable to the rising cost of living. It is

appropriate, then, that something be done at this time the better to meet the needs of these families. The system now in place needs to be altered so that the level of benefits more accurately reflects the needs of children. This means that we have to change the current system so that families who need it get more assistance than those who do not. This, I think, is an eminently sensible goal.

However, we also face the reality that we are going through a difficult economic period. The government is seeking ways to cut overall government spending. Therefore, we do not have access to new resources with which to improve the current system. Instead, we must re-arrange the existing system so that it will be fairer and will better meet the needs of children. That is, we must do a better job with the resources already at our disposal.

We have had the advantage of reading the speech delivered by the Minister of Finance on second reading of the bill in the House of Commons, and I would not want to repeat what he has said. I would prefer to develop certain discussion points which are likely to interest you. I will talk, indeed, about the main features of the reform, and I would like to emphasize the mechanics and the financial implications of each of those measures.

Bill C-10 constitutes a reform in the federal child benefits system. The main elements of that reform are:

1. Elimination of the differential in the basic deduction for children aged 16 and 17.

2. Elimination of the $50 child tax credit.

3. Reduction in the monthly family allowance to $20 per month.

4. Introduction of a refundable tax credit of $200 per child.

The elimination of the differential in the amount of exemption for children of ages 16 and 17 is, in fact, a reduction in the tax exemption for those children. As you know, the Income Tax Act provides for personal exemptions in respect of dependent children. There was a difference in the amount of exemption based upon the age of the children. For children under the age of 16, the exemption was $300 indexed, and for those of 16 years of age and over, the exemption was $500 also indexed. For 1978, these amounts correspond to $460 and $840.

● (2020)

It is important to point out that this distinction dates from the days when family allowances were paid only for children under the age of 16. Now that family allowances are available to children up to the age of 18, the government proposes to rationalize the exemption system starting in 1979. The amount of exemption will be uniform for all children under the age of 18. As announced, the change will be phased in so that no taxpayer will lose the benefit of the higher deduction for children for whom the deduction is now claimed. This change will affect 250,000 families in the first full year of application of the new system and will save $25 million for the federal government.

Another element of the changes is the elimination of the $50 child tax credit for 1979 and subsequent taxation years. While it was a step in the right direction because it was limited to taxpayers with an income below $26,000, the main disadvantage of this non-refundable tax credit was that it provided no assistance to those who did not pay federal income tax. This change will affect 2.7 million taxpayers and will save $260 million for the federal government for the year 1979-80.

I now come to the most significant component of these changes—the introduction of the child tax credit.

The key characteristic of this credit is the fact that it is refundable; that is, with the introduction of this credit, the federal tax system will, for the first time, be able to deliver benefits to rich and poor alike. Because it is refundable, it will be received even by those who do not have taxes to pay. Some 2.5 million, or two-thirds, of all Canadian families with children will receive some benefits under the new credit. In addition, the use of the tax system for this new benefit means Canadians will face a delivery mechanism that is as streamlined as possible with a minimum of red tape. And, the additional administrative costs involved are small as compared with setting up a completely new federal agency to administer the program.

The credit commences for the 1978 taxation year and will be claimed when 1978 tax returns are filed. For 1978, the credit is $200 per eligible child of the individual. The full benefit of the credit will be available up to a family income of $18,000. The credit will be reduced by five per cent of family income above $18,000. A family with two children and an income below $18,000 will receive $400. At an income of $20,000 they will receive $300. At an income of $26,000 a family with two children would receive no tax credit.

The amounts of $200 and $18,000 used in relation to the credit have been chosen for financial reasons and because they permitted an appropriate redistribution of the benefits. The estimated cost of the credit is $810 million per year. I should also point out that the credit will be fully indexed so that as the Minister of Finance announced in his recent budget, the credit will be $218 per child and will be payable in full up to $19,620 for the 1979 taxation year.

The credit will be paid on behalf of all children in respect of whom family allowances are payable at the end of the taxation year. Thus, a child born in the year will be eligible for full credit but a child who turns 18 in the year will not be eligible. The higher amount of exemptions will, however, be allowed for dependent children who are 18 or over.

A feature of this child tax credit is that it will be paid to mothers. This is consistent with the payment of family allowance cheques to mothers. Paying these child-related benefits to mothers ensures that the money is spent in the best interests of the children. In total, some 1.5 million Canadian mothers will, for the first time, have some contact with the income tax system in the form of applying for and receiving the new credit. On balance, these initiatives will provide in the neigh-

bourhood of $120 million in additional money for the family budgets of Canadian mothers.

In spite of these very significant improvements, some people have expressed the concern that the credit discriminates on the basis of marital status to the disadvantage of women. I should like to emphasize that this opinion is not correct. Eligibility for the credit has nothing to do with marital status. Anyone who has the care and custody of a child can receive the credit, be he or she single, divorced, widowed, married, separated or deserted. The credit is based on the income of the family unit whether there is one parent or two. What is of concern is the amount of money available in the family budget to take care of the children. This program is designed to give more assistance to those families with children who need it. There is no question that both parents' incomes are treated exactly the same in calculating the credit. The government wants to give additional assistance to those families who need it, and to do that we must take into account the total family budget no matter which parent contributes to it.

To get the credit, the beneficiary of family allowances must file a simple one-page application form with his or her tax return. Forms for claiming credit benefits will be mailed with the family allowance cheque in January, 1979. The form will require information on the number of children and the net income of both spouses.

The amount of the credit is related to the family's income. Family income is defined as the net income of both spouses while married if they resided together at the end of the year. In the case of a change in the marital status during the year, such as a divorce, a separation or a death, the income earned by the individual's spouse before such a change will not be included in the computation of the family income for the year.

Net income is the closest definition of income in the income tax system to take-home pay. Thus it allows deductions for employment expenses, social security contributions, Canada Pension Plan, Quebec Pension Plan and Unemployment Insurance; pension plan contributions such as registered pension plans, and registered retirement savings plans; registered home ownership plan contributions; tuition fees; union dues; child care expenses, and certain other deductions. Since it is computed on the tax returns of those who are already filers, this definition also has the advantage of being simple for both claimants and administrators.

Credit benefits will serve first to offset any amount of tax due from the individual claiming the credit. For 1978, any amount refundable will be paid in full to the claimant at the time of processing tax returns. In subsequent years, it is possible that the credit will be paid in instalments during the year. However, some technical difficulties will have to be solved before the government can make a final decision on this.

As the final element of these changes, family allowances will be reduced to $20 per child per month. Unfortunately, some reduction in family allowances became essential in order to provide more to those who needed it without requiring more government resources. Nevertheless, it will remain the largest single federal child-related program and continue as the foundation of the overall federal system of child benefits. Furthermore, it will remain fully indexed. Moreover, the special allowances that are paid in respect of children who are in the care of provinces or in foster homes will be unaffected by this reduction in family allowances.

[Senator Barrow.]

The system that results combines the child tax credit, the reduced family allowances and the tax changes to achieve the best of both the universal and the selective approaches. Because it retains a universal, indexed family allowance program, it recognizes the additional responsibilities and costs of child rearing faced by all families with children. At the same time, the new child tax credit concentrates benefits on those who need it. The new system will operate with a minimum of bureaucracy and governmental interference in the lives of Canadians. It will do this while recognizing the central role of the mother in the care and rearing of the children.

● (2030)

These changes will result in a child system which is significantly fairer than the present one. That will mean that low income families will now receive greater federal benefits than will high income families. If we return to the example of a two-child family living in Ontario, to which I referred earlier, this improvement will become abundantly clear. In the new system, the two-child family with $5,000 of annual income will, in 1979, receive a total of $880 from the child benefits system. This is an increase of $264 over what it received this year. The same family, but with $50,000, of annual income will receive $750; that is, $24 a year less than they now receive. Thus, low income families will receive substantially more, while the loss of benefits to high income families will be minor.

In addition to making the system fairer, the changes being proposed will allow the government to do a more effective job in providing assistance to those who need it. This can be seen by looking at the overall distributional impact of the changes. The credit will deliver some $270 million to families with incomes below the Statistics Canada low income cut-offs. However, taking into account the reduction in family allowances and the other tax changes, an additional $108 million will go to families with incomes below the low income cut-offs. I should note that these cut-offs are relatively low—$9,688 for a family of four in 1978—so that they tend to understate the effectiveness of these initiatives. For this reason, they omit many families who, by other measures, would be considered poor or working poor.

However, just as statistics do not provide the true picture of the disadvantages faced by many children in Canada, so the statistics also underestimate the benefits which we can expect from these initiatives. They will help to improve almost all aspects of the lives of low and middle income families with children. By improving the financial conditions in which children are raised, we can expect that they will benefit through better nutrition, better housing and a general improvement in their overall circumstances. This initiative will not eradicate

the handicaps many children face, but it will significantly improve their chances for a healthy and productive life.

I would like to add a few words on the confidentiality issue. As you know, clause 9 of the bill would allow Revenue Canada to provide information on the income of one spouse to the other spouse in the course of assessing their tax returns and determining the credit payable. I should also note that this can only be done after each spouse has signed the application form.

This requirement, honourable senators, is really no different from the provisions currently in place in respect of other government programs. To qualify for housing assistance under CMHC programs, families are required to report their joint incomes. Similarly, the calculations of guaranteed income supplements and Canada Assistance Plan requires exchange of information between spouses.

Further, I should stress—and this is very important—that no child tax credit can be claimed unless both spouses complete and sign the application form. Should one spouse refuse to do so, Revenue Canada cannot divulge any information whatsoever to the other spouse. This approach respects the will of the taxpayers, and in no way interferes with the confidentiality of tax returns. Thus, the power conferred upon Revenue Canada through clause 9 can in no way be construed as a breach of the principle of confidentiality of tax returns, but merely allows the transfer of information necessary to complete the tax credit application after the consent of both spouses has been granted.

The elements of this bill imply no net increase in social policy expenditures. They represent a realignment of social policies in the direction of providing more money where it is needed most. This money will go to those Canadians most likely to provide a stimulus to the economy by spending it on the necessities of life. They will help ensure that those hurt most by inflation and those least able to cope with economic problems receive the assistance they need.

Thus, the child benefits system will now direct a greater proportion of benefits to low and middle income families. Therefore, it will be more effective in meeting the needs of those families. And, let me emphasize, this will be achieved without requiring any extra resources. The resulting system, then, retains the best features of the current system while concentrating more resources on those who need it most.

**Senator Marshall:** Honourable senators, I find it very difficult to understand what is going on. I was obligated with regard to Bill S-6, which was referred to a committee scheduled to meet at 8.30 tonight. It is now a quarter to nine. Somebody comes along, because of a threat from the other place, to introduce this bill, asking leave to move second reading tonight, and I am now fifteen minutes late in fulfilling my responsibility to the Senate in room 356-S on Bill S-6, the Shipping Conferences Exemption Bill, 1979.

I am wondering when we are going to be able to fulfil our responsibility to deal with matters on behalf of the people of Canada. Now I can only ask, with embarrassment, that the debate on this bill be adjourned until tomorrow because of my responsibility to attend the meeting of the committee that is considering Bill S-6. I say that it is absolutely and utterly ridiculous that we should be under the gun from the other place to deal with this bill today.

**Senator Perrault:** Honourable senators—

**Senator Asselin:** Let him finish.

**Senator Marshall:** Why should I have to wait fifteen minutes and then be delayed another fifteen minutes before I can fulfil my responsibility to the committee, which I have to fulfil on behalf of my leader and my party, and put forward the arguments we want to advance?

**Senator Benidickson:** Where is Bill S-6 on the order paper?

**Senator Marshall:** I don't care where it is on the order paper. If you look at the notice of meetings of committees you will see that the Standing Senate Committee on Transport and Communications is meeting in room 356-S at 8.30 p.m., and I should have been there fifteen minutes ago. When are we going to smarten up around here?

**Senator Perrault:** Honourable senators, we are under no urgent pressure from the other place to rush this legislation with inappropriate haste. We do have an offer by the minister, the Honourable Monique Bégin, to testify before the Standing Senate Committee on Banking, Trade and Commerce, which began a pre-study of this bill on November 22. The minister has offered to appear before the committee tonight at approximately nine o'clock. There is no suggestion that honourable senators need rush this bill through in great haste. Unfortunately, the honourable senator has not had the opportunity to be apprised of an understanding that we had achieved earlier with respect to this matter.

**Senator Marshall:** I did know that this was going to happen. I listened to Senator Barrow, who made a very good case for the bill, because it is my responsibility to reply. I am looking at the clock, and I see that the committee meeting at which I have the responsibility to speak for my party has been going on for fifteen minutes. Can you explain that to me?

**Senator Perrault:** Honourable senators, one of our difficulties is in the record amount of work being done by the Senate at present. Today, for example, there are nine meetings of Senate committees. As a result, there is the possibility of senators being called upon to attend a number of meetings of great importance. As we know, there are occasions when proposed legislation is sufficiently important that committee meetings have to be held while the Senate is sitting. It is our proposal tonight to have an adjournment to allow the minister to appear before the committee at around nine o'clock. This is the only time she can come this week, and I know most senators wish to hear from the minister. This will really add to the total consideration of the Senate of this important measure.

● (2040)

**Senator Marshall:** I agree with the Leader of the Government in the Senate, but I hope we will not have the same situation as we had in the case of the old age security bill,

when it seems somebody was lurking outside the doors ready to give the wrong impression to the people of Canada that we were holding up a bill intended to benefit our senior citizens, except that in this case they will try to make the Canadian people believe that we are holding up a bill intended to benefit the children of our country.

On motion of Senator Marshall, debate adjourned.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Property and Casualty Insurance Companies, for the year ended December 31, 1977, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Report of the Minister of Finance respecting Olympic coins for the period ending September 30, 1978, pursuant to sections 13(1) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Municipal School Board of Annapolis and its garage foremen, dated November 8, 1978.

2. The Canadian Red Cross Society and its Calgary Clinic assistants and drivers represented by Canadian Union of Public Employees, Local 1846, dated November 8, 1978.

3. Municipal School Board of Annapolis and its supervisor of maintenance, dated November 8, 1978.

4. The Town of Alexandria and its municipal employees, dated November 8, 1978.

5. Corporation of the Town of Hearst and its employees represented by Canadian Union of Public Employees, Local 1536, dated November 10, 1978.

6. The Rural Municipality of Ritchot and its Public Works group, dated November 15, 1978.

7. Corporation of the Town of Pickering and its employees represented by the Pickering Professional Firefighters Association, I.A.F.F. Local 1632, dated November 15, 1978.

8. London Board of Education and its psychological services group, dated November 15, 1978.

9. The City of Brandon and its employees represented by the Brandon Professional Firefighters Association, I.A.F.F. Local 803, dated November 15, 1978.

10. The Thompson General Hospital, Thompson, Manitoba and its laboratory group, dated November 15, 1978.

[Senator Marshall.]

Copies of reports of the Administrator under the Anti-Inflation Act, dated November 19, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Bell Canada, Montreal, Quebec.

2. Sunnybrook Medical Centre, Toronto, Ontario.

Order in Council P.C. 1978-3581, dated November 23, 1978, referring certain questions for opinion of the Supreme Court of Canada, pursuant to section 55, Supreme Court Act, Chapter S-19, R.S.C., 1970, as set out in the schedule attached thereto, with respect to the legislative authority of the Parliament of Canada to repeal certain sections of the British North America Act, 1867, as amended, and to amend other sections thereof with respect to an Upper House or the Senate.

## BANKING, TRADE AND COMMERCE

### MEETING OF COMMITTEE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

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

**Senator Flynn:** I am not too sure about that. My understanding was that the committee would sit only when the Senate rises.

**Senator Langlois:** That is at 9 o'clock.

**Senator Flynn:** Yes, I know.

This motion is not necessary.

**Senator Langlois:** But just in case—

**Senator Flynn:** The motion is not necessary. The agreement was that because there is another committee sitting, this committee would sit only when the Senate rises. Let the minister wait a few minutes.

**Senator Perrault:** That is satisfactory.

## NEWFOUNDLAND

### ANNUAL SEAL HUNT—QUESTION

**Senator Marshall:** Honourable senators, I have a question for the Leader of the Government. It concerns a Canadian Press story that a United States based animal welfare group is urging Americans to boycott travel to Canada until the annual Newfoundland seal hunt is stopped. Would the leader ascertain what the government is going to do to counteract the false, mischievous, anti-Canadian advertising, and the dissemination of junk mail throughout Canada, by irresponsible crackpots who have nothing better to do? It is a ridiculous and stupid waste of money, and it does nothing but cause trouble.

**Senator Perrault:** Honourable senators, not having seen the article in question, may I request that a copy be provided for the use of the office of the Leader of the Government in the Senate? That information will then be brought to the attention of the appropriate minister for a response.

**Senator Marshall:** I hope that the minister will treat this matter as urgent, because this stupid and ridiculous junk mail is going out to Canadians everywhere, and it completely falsifies the situation with regard to Newfoundland sealers, who are trying to get an income from the seal hunt.

## FORESTRY SERVICE

PROPOSED CLOSURE OF WINNIPEG OFFICE—QUESTION

**Senator Roblin:** Honourable senators, I wonder if the Honourable Leader of the Government in the Senate could provide me with some information respecting the report that the Minister of Fisheries and the Environment intends to close the Winnipeg office of the Canadian Forestry Service. My question has to do with the system of priorities that the department is working on that led it to the conclusion that the closing of this office, which I think has considerable scientific importance, should be chosen as a vehicle for effecting some of the economies the department is undoubtedly trying to secure. I am interested in knowing on what scale of values they are operating that leads them to believe this is an effective step to take.

Could the leader also tell us how much money is involved, how many staff are involved, and what the disposition of the scientific staff now in Winnipeg will be when this closure takes effect?

**Senator Perrault:** The question will be taken as notice.

[*Translation*]

## FOREIGN AFFAIRS

RETURN OF COSSETTE-TRUDELS TO CANADA—QUESTION

**Senator Asselin:** Honourable senators, I have a question for the Leader of the Government. We heard today that the Cossette-Trudels would be brought back by provincial or federal police officials and that they would soon return to Canada. The Leader of the Government told us last week that the Secretary of State for External Affairs had declared that no arrangement was made by External Affairs concerning the return of the Cossette-Trudels to Canada. First, I wish to know if, since the announcement made last week by the Leader of the Government concerning the possible return of the Cossette-Trudels, the Secretary of State for External Affairs has made arrangements with that couple.

Also, it might be interesting for the Senate to know what arrangements had been made between the Government of Canada and the Cossette-Trudels when Mr. Cross was released and those people left the country? There has been an agreement between the federal government and the Cossette-Trudels and I wish to know if the Senate could be informed of that agreement. Furthermore, could the Leader of the Government table those agreements?

[*English*]

**Senator Perrault:** Honourable senators, most of that question must be taken as notice, but I can advise that as of November 30, neither our posts abroad nor the department in Ottawa had been approached by the Cossette-Trudels; but on that date the Canadian embassy in Paris had been authorized to issue them emergency passports for return to Canada at the moment. That is all the information available at this time.

[*Translation*]

**Senator Asselin:** Honourable senators, I have a supplementary. I repeat: Could the Leader of the Government tell us if this house might be informed about the agreements or arrangements made between the federal government and the Cossette-Trudels when they left the country after releasing Mr. Cross? Obviously arrangements had been made before they left the country. Are there such arrangements and, if so, could they be tabled by the Leader of the Government?

[*English*]

**Senator Perrault:** Honourable senators, I can only say in response that the question will be referred to the appropriate minister.

## POST OFFICE

INCREASE IN POSTAL RATES—QUESTION

**Senator Forsey:** Honourable senators, I wonder if I might ask the Leader of the Government when I may expect to have some answer to the question I asked nearly two weeks ago, on November 22, with respect to the government's intentions in the matter of raising the postal rates in April, and with respect to whether the government intended to proceed in what appears not only to me but to the Statutory Instruments Committee and, indeed, to both houses, to be the proper manner, namely, by an amendment to the Post Office Act, or whether it proposes to repeat what it has done on two previous occasions and proceed in what the two houses have declared to be an improper manner, by regulation under the Financial Administration Act. I would be very glad if the honourable leader could give us some idea of when we may expect some kind of answer to this question.

● (2050)

**Senator Perrault:** All I can say is that as yet no reply has been received. The matter will be pursued further as quickly as possible.

## NEWFOUNDLAND

SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION

**Senator Marshall:** I should like to ask the Leader of the Government why, after a week or so, an answer has not been forthcoming to a question I asked on November 28.

The question dealt with the sale of Labrador Linerboard Mill Ltd. The importance of the question is in the fact that the closure of this mill denied some 2,000 jobs to Canadians. The Department of Regional Economic Expansion made a commitment with regard to the sale of the mill that it would ensure the changeover and reactivation of the mill which would reactivate some 2,000 jobs. When might I expect an answer to that question?

**Senator Perrault:** Honourable senators, the answers to some of these questions require a great deal of research and a considerable amount of staff time. Basically, both houses are served by the same researchers. I can only suggest that that might be one of the reasons why the requested information has not yet been received.

## ENERGY, MINES AND RESOURCES

### CANADA-NEWFOUNDLAND FIELD EXPLORATION PROGRAM—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 5—**By Senator Marshall:**

Under the Canada-Newfoundland Field Exploration Program and in particular its reference to the fact that thirty survey parties will be hired for geological mapping and geochemical surveys, how will the survey parties be selected and how and where will the information be advertised in the province of Newfoundland?

*Reply by the Minister of Energy, Mines and Resources:*

Under the Canada-Newfoundland Subsidiary Agreement on Mineral Development a five year (January 1, 1977 to December 31, 1981) program of geological mapping, geochemical surveys and related work is being conducted on Insular Newfoundland and Labrador. The work is being implemented by the Newfoundland Department of Mines and Energy and managed by a federal-provincial management committee having representatives from the provincial government and from the federal departments of Regional Economic Expansion and Energy, Mines and Resources.

Normally, 22 to 25 field parties are supported each year, involving about 100 persons, 50 to 70 of which are seasonal employees and are mainly university students. Hiring of temporary and seasonal staff and the letting of contracts for work under the Agreement, for example to consultants or to university staff, is done through the normal procedures established by the Province of Newfoundland, but is subject to the approval of the Management Committee for the Agreement. Preference for employment is given to Newfoundlanders.

Advertising for temporary staff and contract work is done primarily through Newfoundland newspapers and through university placement services, but in cases of special requirements positions may be advertised in national newspapers or in trade publications such as the *Northern Miner*.

[Senator Marshall.]

## FISHERIES

### HUMBER-ST. GEORGE'S-ST. BARBE, NEWFOUNDLAND—INSHORE FISHERY—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 6—**By Senator Marshall:**

With reference to Fisheries and Environment Canada's Bulletin 78-2E, entitled "Fishermen's Information," on the subject of New Handling and Transport System for Newfoundland Inshore Fishery, in which fishing communities in the District of Humber-St. George's-St. Barbe have such systems been installed, and in which communities will they be provided in the future?

*Reply by the Minister of Fisheries and the Environment:*

In the District of Humber-St. George's-St. Barbe, a fish handling system has been completed at Stephenville. Hoists and hoppers have been installed at the following communities: Three Rock Cove, Blue Beach, Fox Island River, Littleport, Cox's Cove, Trout River, Rocky Harbour, St. Pauls, Cow Head, Parson's Pond, Caster's River South, Bartlett's Harbour, New Ferrole, Brig Bay, Blue Cove, Flowers Point, Sandy Cove, Green Island Cove, Cook's Harbour. At Black Duck Cove, Anchor Point and Savage Cove, blocks have been poured for the installation of the hoists. The system will be completed at all sites in 1979 and 1980.

Systems are proposed at this time for the following communites: Lourdes, Benoit's Cove, Port Saunders and Reef's Harbour.

### SOUTHWESTERN AND WESTERN NEWFOUNDLAND—COMPARATIVE CATCH FIGURES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 7—**By Senator Marshall:**

With reference to Fisheries and Environment Canada News Release FMS-HQ-NR-13 dated 11 May 1978, what are the details of comparative catch figures in tons and dollar value of fish by species caught in the zones lying within the areas between Port-aux-Basques in southern Newfoundland to Cook's Harbour in southwestern and western Newfoundland in the years 1976, 1977 and 1978?

*Reply by the Minister of Fisheries and the Environment:*

Catches in Areas Between Port Aux Basques and Cook's Harbour, Newfoundland, 1976-1978

*(Quantity in metric tons, live weight—Value in $'000)*

| | 1976 | | 1977 | | Jan.-Sept. 1978[1] | |
|---|---|---|---|---|---|---|
| | Q. | V. | Q. | V. | Q. | V. |
| Cod | 13,603 | 2,995 | 16,562 | 4,269 | 20,319 | 6,035 |
| Haddock | 45 | 12 | 18 | 6 | 82 | 30 |
| Redfish | 971 | 122 | 318 | 53 | 274 | 55 |
| Halibut | 70 | 100 | 38 | 52 | 15 | 17 |
| Flatfishes | 1,600 | 306 | 1,805 | 393 | 1,578 | 379 |
| Turbot | 165 | 26 | 341 | 68 | 364 | 79 |
| Pollock | 1 | 0 | 10 | 1 | 7 | 3 |
| Hake | 10 | 1 | 20 | 2 | 40 | 5 |
| Catfish | 117 | 12 | 102 | 13 | 117 | 35 |
| Other groundfish | — | — | — | — | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Herring | 13,391 | 964 | 15,710 | 1,517 | 13,478 | 2,427 |
| Mackerel | 120 | 11 | 31 | 2 | 137 | 17 |
| Eel | 6 | 3 | 8 | 4 | 3 | 2 |
| Salmon | 117 | 230 | 96 | 257 | 68 | 206 |
| Skate | 63 | 4 | 97 | 9 | 280 | 18 |
| Smelt | 8 | 7 | 16 | 10 | 6 | 6 |
| Capelin | 40 | 1 | 60 | 2 | 53 | 3 |
| Other fish | — | — | 0 | 0 | 0 | 0 |
| Scallop | 12 | 4 | 21 | 10 | 15 | 7 |
| Squid | 161 | 14 | 60 | 6 | 190 | 37 |
| Lobster | 954 | 2,243 | 818 | 2,216 | 918 | 3,410 |
| Shrimps | 1,444 | 813 | 1,200 | 753 | 1,662 | 1,171 |
| Crabs | — | — | 0 | 0 | 0 | 0 |
| Other shellfish | 0 | 0 | 0 | 0 | 0 | 0 |
| Seals (no.) | (8,821) | 110 | (1,886) | 30 | (17,541) | 309 |
| Miscellaneous | — | 122 | — | 71 | — | 87 |
| TOTAL(2) | 32,898 | 8,100 | 37,331 | 9,744 | 39,606 | 14,338 |

(1) Preliminary
(2) Quantity includes fish and shellfish only.

NEWFOUNDLAND—INSHORE SQUID FISHERY—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 8—**By Senator Marshall:**

With reference to Fisheries and Environment Canada News Release FMS-HQ-NR-24 dated 29 June 1978, entitled "Charters Authorized for Developing Squid Fishery," what are the details of the catch executed by Newfoundland fishermen with respect to the 45,000 metric tons allocated for the province of Newfoundland?

*Reply by the Minister of Fisheries and the Environment:*

In 1978 the Canadian quota for the Atlantic Coast inshore squid fishery was set at 40,000 m.t. Traditionally the bulk of the inshore squid catch has been taken by Newfoundland fishermen. Up to October 31, 1978, the inshore squid catches by Newfoundland fishermen were approximately 27,300 m.t.

In addition, some 8,400 m.t. of the offshore quota was approved for charter arrangements between foreign companies and Newfoundland firms. Up to October 31, 1978, the offshore catches under these arrangements were approximately 6,742 m.t.

## INCOME TAX CONVENTIONS BILL

MOTION FOR THIRD READING—DEBATE ADJOURNED

On the Order:

Third reading of the Bill S-7, intituled: "An Act to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Thompson*)

**Senator Thompson:** I move, seconded by the honourable Senator Laird, that this bill be now read a third time.

**Senator Grosart:** Honourable senators, I move the adjournment of the debate.

Motion agreed to.

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

SECOND READING—DEBATE ADJOURNED

**Hon. Gildas L. Molgat** moved the second reading of Bill S-10, to facilitate conversion to the metric system of measurement.

He said: Honourable senators, I am pleased to move the second reading of Bill S-10. However, as I recognize that there are other commitments, I will be brief in my comments, and will not go through all the details of the bill. I do have fact sheets which give the details in addition to what is in the bill itself. Therefore, my remarks can be brief.

I hasten to add that the bill is not here under pressure from the other place, as was said about the previous bill. This bill, in fact, is a Senate bill.

Honourable senators will recall that when the metric plan was first introduced it was intended to have four major pieces of legislation which would bring other acts of Parliament into the metric system. The first bill, which was passed some time ago, received royal assent in 1977. The second bill was introduced in the other place but, because the session ended prior to its passage, it ceased to exist. The bill now before us combines the second and third bills, and contains amendments to ten existing acts. Very simply, the bill converts to metric measurement the various items in those ten acts.

I shall not deal with each act individually, but I do propose to highlight some of them. The Petroleum Administration Act is amended by this bill. In this case there is to be a change soon. Beginning on January 1, 1979, gasoline pumps across Canada will be converted to sell gasoline by the litre. This is one that is of immediate concern to us.

**Senator Flynn:** That will hide the increase in the price.

**Senator Molgat:** I do not know whether that will be the effect, but it is certainly not the intention.

Some of the acts recognize facts that presently exist. Under the St. Lawrence Seaway Authority Act, in fact, the St. Lawrence Seaway is operating on both the American and Canadian side in metric units.

For the details of the bill I would refer you to the fact sheet, but will be more than happy to supply any details which you might wish. I think the facts are straightforward. I should like to give, however, a brief report on the progress of metric conversion.

Insofar as Canada is concerned, we are roughly on schedule. It was originally planned to have four phases. The first phase

was substantially completed by the end of 1975. The second phase, the planning phase, is now 86 per cent completed. The third phase, the scheduling, where the sector plans and timetables are reviewed and concurred in by all interested parties, is now 80 per cent complete. The implementation phase, the fourth and final phase, is approximately 38 per cent complete. This has been accomplished by over 2,000 volunteers, representing every sector of the economy, on 102 sector committees.

In the period from now to December 1981, there are two key events in metric conversion. When those are completed, the conversion, insofar as the general public is concerned, will have been completed.

The first one, to which I have already referred, is the change in January 1979, at which time companies selling gasoline, automotive petroleum products and heating oil by the gallon will begin selling those commodities by the litre. The second key event will see retail scales converted to grams and kilograms. This will begin in July 1979, with a pilot program in three centres, Kamloops, Peterborough, and Sherbrooke, and will be completed by the end of 1981.

I should like to point out that there has also been substantial progress insofar as public acceptance of the change to the metric system is concerned. While there was some public resistance in the earlier stages, a public opinion poll of July 1978, indicates that 53 per cent of Canadians agree with the metric conversion with 29 per cent disagreeing. This is an almost complete reversal of the 1974 figures.

The United States Weather Office proposal to convert to the Celsius scale in June 1979, was checked with executives of the United States media, and some 86 per cent responded in favour. I have to admit, on the other hand, that the General Accounting Office in the United States—and this has received some public notice—have indicated that they are opposed to the proposal.

In briefly covering what has happened in the other areas of the world, I should like to deal first with our major trading partner, the United States. Progress there has been consistent as well. The United States Metric Board was established in 1975 by an act of Congress, and has been in actual operation with people in place since April 1978.

● (2100)

On the private sector side, the American National Metric Council has been in operation since 1973, and has proceeded in much the same manner as we have—that is, it has taken a sector approach.

In the private sector a great deal more has, in fact, happened in the United States than most people recognize. At the moment, the major companies such as General Motors, Ford, Chrysler—in fact, all of the automotive field—and others such as IBM, all the major soft drink companies, American Can, and so on, are very far along on the metric conversion process. I understand that 80 per cent of General Motors components for 1979 models will be on the metric scale. So the Americans are moving along much faster than is recognized by many Canadians, I believe.

Progress in the European Economic Community, because many of its member countries were already on the metric scale, has been much faster. Basically they have been operating exclusively in metric units since April of this year. They have legislation now which makes it effective, and provides fines for those who do not comply. As honourable senators are aware, after the United States the European Economic Community is our next major trading partner.

So far as the main Commonwealth countries are concerned, the same thing can be said. There has been substantial progress. A good number of private corporations in Britain are now using the metric system. Internally, insofar as general goods, hardware and foods are concerned, the plan is that they will be converted to the metric system at the retail level by the end of 1981.

As to other Commonwealth countries, Australia is at present well ahead of Canada. It is roughly 75 per cent complete in metric conversion. New Zealand is in the process of disbanding its Metric Conversion Board because it has actually completed its work, and everything is on the metric system. Japan, our other major trading partner, completed its metric conversion in the early 1960s.

It will be recalled that the Senate itself, through the Standing Senate Committee on Foreign Affairs, heard the chairman and executive director of the Metric Commission in May 1977 on the effects on Canadian trade. I think they were satisfied that the conversion was proceeding well, and that the advantages were substantial for Canada.

So, honourable senators, this is merely the second bill, or, rather, a combination of the second and third bills. There will be one further bill after this to permit other federal statutes to fit in with the metric system. This bill is in line with the decisions made when the metric timetable was first introduced, and I commend it to you in the hope that you will approve the principle behind it.

On motion of Senator Macdonald, for Senator Fournier (Madawaska-Restigouche), debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p.* 301 )

### THE LATE HON. JOHN JAMES GREENE, P.C.

ADDRESS PREPARED FOR THRONE SPEECH DEBATE

Honourable senators, it is my privilege to speak in support of the motion of the Honourable Senator Rizzuto, seconded by the Honourable Senator Bird, for an Address in reply to the Speech from the Throne.

First, I commend Honourable Senators Rizzuto and Bird on their magnificent contributions to this debate. It has often been my contention that the worth of this house shall be determined not so much by the prescribed place of the second chamber in our Constitution as by the quality of our contribution to the national debate and the legislation-making process. I am loath to admit that my sanguine views on this premise have been somewhat diminished by experience, in that it is scarcely possible for the public to judge the value of our contribution when the essential link between Parliament and the people, the fourth estate, takes virtually no interest in our proceedings, whether they be in committee—where the work of the members of this chamber need take no second place to the work of any other chamber of review and revision—whether it be in the Canadian Parliament or in any other land which enjoys the blessings of parliamentary democracy. I was, as usual, disappointed when I found that the magnificent contributions of the mover and the seconder received but little if any comment or criticism in the media. However, I received some encouragement from the thought expressed by a young member of the other place who stated:

> We did not come here to engage in Pitt-Sheridan-Fox parliamentary debate which may be of great historical moment but is of no current value.

I am of the firm conviction that parliamentary debate on the great issues affecting our people is the very essence of the difference between the philosophy of those who espouse the alleged efficiency of totalitarianism under any guise from socialism to national socialism, and the faith of those who believe that the preservation of individual freedom is the essential function of the state. It may well be that it is not merely the rewriting of a constitution which is our prime requisite but a complete oversight of the whole realm of the performance and function of government in a free and pluralistic society. In some sense the entire premise of representative government in the age of instant communications has changed.

It is surely obvious that in today's circumstances the people are not prepared to convey the decison-making power over their lives and affairs to "their representatives in Parliament" for a period of four years or more. They demand a more immediate and direct participation in the day-to-day decisions affecting the course of their lives. I am certain that Edmund Burke's great speech to the electors of Bristol would scarcely win one vote approval before the bar of current Canadian public opinion. It may thus well be that in taking this complete look at our body politic, the issue of the need for a bicameral Parliament should be reviewed.

Do we *need* a two-chamber Parliament, and, if so, what should be the respective roles of the two Houses of Parliament? This whole question goes far beyond the mere question of rewriting the Constitution. It goes to the very root of the nature of the institutions that will comprise that Constitution. Should the elective chamber of a bicameral Parliament be more actively involved in the affairs of government itself rather than being a forum of debate, discussion, and the *ex post facto* review of government decisions and accounts? In such event, would the second chamber then be the main forum of the debate, review and revision, and, if this be a valid premise, how should such a second chamber be best constituted to fulfil its new role?

These are some of the basic questions posed in the initiative indicated in the Throne Speech by the "Renewal of the Constitution." I respectfully suggest we would be remiss in our duty if we did not in our deliberations go beyond the mere question of drafting a new document to be entitled "The Constitution of Canada," and inquire in depth into these deeper and very real issues that affect our policy and underlie any document purporting to be our Constitution. This discussion and research, I suggest, should encompass not only the question of parliamentary reform but also that of electoral reform, including such basic questions as the various alternatives to proportional representation and their current validity on the Canadian political scene. We should be grateful indeed to Her Majesty for the broad concepts outlined in the Throne Speech which have given us the opportunity of deep and searching inquiry into these very real questions which will affect the future well-being of our country if we are to "renew" our Constitution in any real, meaningful, and lasting sense.

Probably I would not have been moved to take part in this debate had it not been for the references in the speech of Senator Bird to the contributions of those who, in two great world conflicts, gave so much to this land they loved so dearly. Any thought that there was anything so fundamentally wrong with the Constitution of our country as it then existed was surely dispelled by the sacrifices they made. They, more than

any, believed in a more just, a more free and a better Canada; but first they believed in Canada. We are not a militaristic nation, and our history and our contribution to the betterment of mankind can scarcely be founded on our military might or accomplishment. Our glory and accomplishment, which is great indeed, rests on no "Napoleonic Vision Of Military Grandeur" or "Empire Upon Which The Sun Never Sets", but on the contribution of those who did play a very real and worthy part in preventing the light of freedom, upon which we knew Canada's future rested, from being extinguished throughout the world. That is a real, vital and important part in our history, and I suggest that no solemn and lasting judgment such as the "Renewal of our Constitution" can be embarked upon without consideration of the values for which those men and women stood and for which so many gave all they had to give.

It is an uncontrovertible historical fact that, in a political sense, Canada's participation in two great world conflicts was divisive; but for the many who voluntarily chose to serve, in the belief that their duty to their country lay in such a decision, their participation was a unifying and not a divisive factor in our nation's history. There are no members of the Royal Canadian Legion who attend the national conventions and who wear proudly their Legion berets at a more rakish angle, and who pin on their service medals and decorations with more pride, than the boys from the Legion branches in the Province of Quebec. The first to be shot down of the City of Saskatoon Squadron, on which I had the privilege of serving, was my friend from Trois Rivières, Louis Cloutier, who before we went overseas used to say to me:

> It's all right for you, Joe. When you go home you are a big hero, but when I go home to Trois Rivières they throw stones at me.

There is no doubt that for Louis and his Francophone brethren, so many of whom chose to serve, the choice was a more difficult one, and their love for Canada must often have been even greater than that of us WASPs from Toronto. On the City of Saskatoon Squadron were names like Mass and Kazakoff, neither of which, so far as I have ever been able to discern, was either WASP or Francophone. So for us the war was not a divisive factor but one which brought young men and women from all regions of Canada and all its ethnic components together under one common cause called Canada.

I recently had the opportunity of reviewing the histories and citations of the winners of our highest military decoration, the Victoria Cross. It does not read as the litany of any one racial or regional component of our land, but as a heterogeneous list, which is the essence of Canada itself. In it we find these names:

> WILLIAM AVERY BISHOP, born in Owen Sound, Ontario, on February 8, 1894. He enlisted with the 4th Canadian Mounted Rifles. In 1915 he transferred to the Royal Flying Corps. As a pilot "Billy" Bishop accounted for 72 enemy planes and two balloons, including 25 enemy machines in 12 days and five on his last day in action. At the end of the war he held the rank of lieutenant-colonel and had been awarded the Victoria Cross, the Distinguished Service Order and Bar, the Military Cross, the Distinguished Flying Cross, the French Legion of Honour and the French Croix de Guerre.
>
> JEAN BRILLANT, born in Assametquaghan, Matapedia County, Quebec, on March 15, 1890. In 1915 he enlisted for overseas service with the 189th Battalion, which later merged with the 22nd Battalion in France. The action described in his citation occurred on August 8 and 9, 1918, east of Meharicourt during the Battle of Amiens. Lieutenant Brillant died of wounds on August 10.
>
> MILTON FOWLER GREGG, born in Mountain Dale, Kings County, New Brunswick, on April 10, 1892. In September 1914 he enlisted as a private in the 13th Canadian Infantry Battalion (Black Watch) and proceeded overseas. In 1916 he was commissioned in the field and posted to the Royal Canadian Regiment. In action he won the Military Cross at Lens in 1917, a Bar to the Cross at Arras in 1918 and the Victoria Cross at Cambrai in the same year.

Milton Gregg served his country with much distinction in peace as well as in war.

> GEORGE RANDOLPH PEARKES, born in Watford, England, on February 26, 1888. He enlisted as a private in the 2nd Canadian Mounted Rifles, and he was granted a commission in France and went to the 5th C.M.R., winning rapid promotion to lieutenant-colonel. The action described in his citation took place on October 30 and 31, 1917, during the fighting before Passchendaele. Lieutenant-Colonel Pearkes also won the Military Cross at the Somme in 1917, and the Distinguished Service Order at Amiens in 1918.

Although George Pearkes, was born in England, he was a British Columbian through and through. He served his country in war and peace and, irrespective of one's political affiliations, he won the admiration of all Canadians who have taken the trouble to read something of their history. He was distinguished not only in his war service but in Parliament and in the Treasury benches, and finally as the Queen's Representative in British Columbia.

> DAVID VIVIAN CURRIE, born in Sutherland, Saskatchewan, on July 8, 1912. He enlisted for active service in 1939. The action described in his citation took place in Normandy on August 18, 19 and 20, 1944.

David Currie not only served his country proudly in war but he served us here in Parliament faithfully and effectively for so many years.

> JOHN WEIR FOOTE, born in Madoc, Ontario, on May 5, 1904. At the outbreak of the Second World War he enlisted in the Canadian Chaplain Services and was posted to the Royal Hamilton Light Infantry. The action described in his citation occurred at Dieppe on August 19, 1942.

John Foote was the first member of the Canadian Chaplain Services ever to win the Victoria Cross.

> ROBERT HAMPTON GRAY, born in Trail, British Columbia, on November 2, 1917. In 1940 he was commissioned in the Navy and qualified as a pilot in the Fleet Air Arm. For his brilliant work during an attack on the German battleship *Tirpitz* in Alten Fjord he was Mentioned in Dispatches. In July 1945 he was awarded the Distinguished Service Cross for aiding in the destruction of a destroyer in the Tokyo area, and on August 9, 1945, he won the Victoria Cross for his action off the Island of Honshu, Mainland Japan.
>
> CHARLES CECIL INGERSOLL MERRITT, born in Vancouver, British Columbia, on November 10, 1908. An officer in the Seaforth Highlanders of Canada, he transferred to the South Saskatchewan Regiment in 1942. The action described in his citation took place at Dieppe on August 19, 1942. Following his gallant action at Dieppe he became a prisoner of war for the balance of hostilities.

Charles Merritt was another of those who continued to serve his country in peacetime as effectively and dutifully as he had done in wartime.

> PAUL TRIQUET, born in Cabano, Québec, on April 2, 1910. He enlisted as a private in the Royal 22e Régiment on November 3, 1927, and received rapid promotion. The action which won him the Victoria Cross took place at Casa Berardi on December 14, 1943. He was also awarded a French decoration—Chevalier of the Legion of Honour—for the same action.

Paul Triquet in some sense epitomized Canada, having served in the regiment Vingt Deuxième Royal de Québec, which the rest of us, in goodwill and not in ignorance, irreverently but lovingly, always referred to as the "Vandoos".

While I am on the litany of Canada's war heroes, I would be remiss, indeed, if I did not recall the name of our own Ottawa Valley boy from Carleton Place, Lieutenant Roy Brown, who accomplished so much for the morale of all allied troops when he did the impossible in shooting down the theretofore invincible "Red Baron" of the German air force.

It is not my purpose here to advance the glorification of war but only to assure everyone that we recall that the "Renewal of our Constitution" does not mean there was any fundamental defect in the document produced by the men at Charlottetown, which prevented our having a glorious and proud history in both war and peace. We have indeed had a proud and glorious history under our existing Constitution which, in most of the rest of the world, has made Canada "the cynosure of all eyes and the envy of all hearts." Yes, let us renew our Constitution if the times so require, but let us do so on the basis of building on the great heritage bequeathed from the past rather than on a wrong concept that we do not already have a great heritage upon which to build.

I would remind honourable senators that the shoulder badges worn by the men and women of our armed forces in World Wars I and II did not say "Québec" or "Ontario" or "Prairie Provinces" or "British Columbia" or "Atlantic Provinces", but each indelibly and clearly said "Canada."

Of recent years the voice of what Sir John A. Macdonald used to call "the parish pump" has been heard more loudly and more stridently than that of the great cataracts like Niagara Falls, Churchill Falls and others which can outflow all the parish pumps put together, and which stand for the whole of Canada together greater than all of its individual parts. I suggest that in all parts of this land are men and women in all age groups who love this great country as dearly as those who gave so much in war. With God's help, their contribution to the further renewal and development of our country will be made in the pursuits of peace rather than those of war.

But I suggest that while some of them may have been temporarily bemused by the loud voices from the parish pump, whether in the name of "western alienation," "British Columbian alienation," "Atlantic alienation" or the raucous voice of racism—the chief weapon of every political demagogue seeking power and self-aggrandizement, from Attila the Hun to Adolph Htler—they long to hear the voice of Canada itself crescendoing clearly over any ephemeral gurglings from the parish pump. It is surely for us here in the Thirtieth Parliament of Canada to provide that clarion call of Canada itself which they so long to hear.

Let us not deceive ourselves that we can strengthen the whole by merely acceding to the cries of the past. Yes, we should be prepared to make changes where such changes are required, in the name of justice and equity, which will make Canada itself stronger as a whole; but we must also have the courage to stand firm in defence of those institutions and that portion of our history which have already made Canada great. To paraphrase the old Anglican prayer, may we recognize those things which require change and those which should be retained and built upon; may we have the wisdom to discern the difference and the courage to act accordingly. I appreciate that here in the Senate it will take particular courage to fulfil this dictum in that the retention of anything from our past history is prone to be interpreted as a self-serving argument.

I am encouraged and emboldened by the speeches of the mover and the seconder, and by the calibre of the performance I have witnessed in the past from the majority of the members of this chamber, to feel confident that the Senate of Canada will do its duty in the best interests of the whole of our great land, so that at the end of this vast process of constitutional renewal, history will record that the Senate of Canada, assembled in the Fourth Session of the Thirtieth Parliament of Canada, served our country well.

The Conference of First Ministers to take place shortly may afford the opportunity of progress on the "Renewal of the Constitution" more expeditiously than was envisaged in the earlier approach, which contemplated the revision of the sub-

ject matters deemed to be clearly within the federal ambit of authority, and a later and second stage encompassing the division of powers and the "amending formula." I think it is clear to all that it would be preferable to amend the Constitution in one document, and that the "amending formula" and the division of powers as between federal and provincial jurisdictions is the real essence of any such complete amendment.

The Prime Minister's initiative of proceeding with Phase I, Federal Powers, was in order that some definite progress might be made after so many years of federal-provincial discussion without any real or apparent progress. That initiative has led to a broad national discussion and to such concrete results as the report of the Special Joint Committee of the Senate and the House of Commons on the Constitution, and the report of the Canadian Bar Association's Special Committee on the Constitution. From these as well as from other discussions and papers, both from the academic and the popular level, has emanated a current of public interest and a plethora of ideas that may make possible a current solution to the problem which would not have been possible previously.

It should be recalled that the Victoria Charter—the ultimate resolution of the "Fulton-Favreau Formula"—was the consensus of a just amending formula by the leaders of nine of the ten provinces. The fact that its basis was the result of the efforts of two such distinguished Canadians as the Honourable Davie Fulton and the late Honourable Guy Favreau renders this solution as close to a bipartisan one as is likely to be achieved. I think all honourable senators will agree that the process of constitution-making should be a truly national one, rising over and above any political or partisan consideration.

It is not likely that the leaders from the provinces which accepted the Victoria Charter could recant or alter the position of their regions at this date. It is possible that they might even be persuaded to make concessions which would make the formula more acceptable to the people of the Province of Québec. If at the same time agreement could largely be reached on the question of distribution of powers, we would have the essentials of a "made-in-Canada Constitution" ready to offer to the people of Canada.

The instruments of direct democracy such as the referendum were rejected early in our history when the early "Clear Grit" radicals failed to establish their contention that such instruments of "republicanism" suited a parliamentary democracy. However, times have changed, and I believe that in this day the people of Canada would welcome a direct voice in the constitution-making process. If in the months ahead we can achieve an accord that would implement an equitable amending formula in the revised distribution of powers, I suggest that a new constitution so conceived be put to a plebiscite in conjunction with the next federal election. If a favourable majority in the plebiscite could be achieved in the other regions of Canada, we could at the same time clearly say from the federal level to the people of Québec, "Here is your plebiscite. Here is a Constitution which protects your linguistic and human rights, which provides a just formula for future amendment, which will guarantee you those rights in perpetuity; a vote in favour of this new Constitution will be a vote that you, the people of Québec, wish to be part of this new and more just Canada." A favourable result would clearly indicate that the people themselves in the Province of Québec wish to remain in Canada, and that any future plebiscite Mr. Lévesque might have up his sleeve would be but surplusage.

I realize that such an endeavour is not easy, but with the support of all federal parties I believe such a procedure could be successful in all regions in Canada. Whatever government is successful in the election would have a clear mandate from the people themselves not only to pass in the Parliament a new Constitution for Canada, but to approach Her Majesty the Queen, as Head of State of the United Kingdom, to instruct her minister there to pass their final bill relating to Canada—which I respectfully suggest will be necessary if we are to put our constitutional housekeeping in final good order.

Unlike the maniacs, we do not seek to build for a thousand years. The future human needs are too uncertain to enable any rational human being to do so. But I do suggest that we may conceive a Constitution which will serve our people as well, and enable them to thrive and work together, as did our forebears at Charlottetown some 114 years ago. If we can accomplish this, as I believe we can, the Fathers of the Renewed Constitution will indeed be those who serve in the Fourth Session of the Thirtieth Parliament of Canada. Their place in history will rest on sure and secure ground.

# THE SENATE

**Wednesday, December 6, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of the text of a proposed Order in Council authorizing the issuance of a proclamation for the establishment of a Ministry of State for Economic Development, pursuant to section 18 of the Ministries and Ministers of State Act, Chapter 14 (2nd Supplement), R.S.C., 1970.

## NORTHERN PIPELINE

FIRST REPORT OF COMMITTEE TABLED AND PRINTED AS AN APPENDIX

**Senator Olson:** Honourable senators, I have the honour to table the first report of the Special Committee of the Senate on the Northern Pipeline, and I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes and Proceedings of the Senate* of this day, to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of report see Appendix "A", p. 329.*]

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

**Senator Olson** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting tomorrow, Thursday, 7th December 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## FOREIGN AFFAIRS

RETURN OF COSSETTE-TRUDELS TO CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have the answers to a number of questions that have been posed in recent days.

Senator Asselin asked a series of questions yesterday with respect to the Cossette-Trudels. He wanted to know whether in fact these people were interested in returning to Canada. As of this date I am able to report the following:

I cannot confirm reports that the French Ministry for Foreign Affairs would oppose the return to Canada of the Cossette-Trudels as alluded to in press reports.

To the question does the Canadian government intend to consult with the French authorities on the return to Canada of the Cossette-Trudels, as a matter of courtesy, the Canadian government would advise the French authorities if and when the Cossette-Trudels wish to return to Canada.

In reply to the question as to whether there has been any contact between the Canadian government representatives and the Cossette-Trudels, again I emphasize that as of today's date, December 6, neither has there been contact with the Department of External Affairs nor our posts abroad. As I have stated before, should they indicate a desire to return to Canada, the embassy in Paris has been authorized to issue emergency passports for their return to Canada only.

The other questions asked by Senator Asselin are presently under consideration by the Secretary of State for External Affairs.

## POST OFFICE

INCREASE IN POSTAL RATES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Forsey asked a question on November 22 with respect to the government's intention in the matter of raising the postal rates in April. He asked whether the government intended to proceed in what appears not only to him, but to the Statutory Instruments Committee and, indeed, to both houses, to be the proper manner, namely, by an amendment to the Post Office Act, or whether it proposes to repeat what it has done on two previous occasions and proceed in what the two houses have declared to be an improper manner, namely, by regulation under the Financial Administration Act.

I am informed that, yes, indeed, the government intends to use section 13(b) of the Financial Administration Act, relying on the decision of August 2, 1978, in *Bartholomew Green 1751 Association Incorporated, carrying on business as The Canadian Periodical Publishers' Association, and The Sur-*

*vival Foundation, carrying on business as The Canadian Forum v. Attorney General of Canada*, (1978) Federal Court Reports, 391.

## ENERGY

### AGREEMENT WITH ALBERTA ON PRICE OF OIL AND GAS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Olson asked a question on November 28 with regard to the agreement between Alberta and the federal government respecting the dates for an increase in gas and oil prices. He stated:

> . . . there are some inclusive reports emanating from the Conference of First Ministers that there is a new, or at least an amended, agreement—

Honourable senators, as to crude oil pricing, I understand that discussions are still going on between the two governments, taking into account the views expressed at the First Ministers' Conference on the economy.

As to gas pricing, the one-year agreement between Canada and Alberta relating to the price of gas to existing domestic markets, which became effective August 1, 1978, is expected to run its course.

The federal and Alberta governments have discussed the conditions, including price, for achieving an expansion of natural gas markets in Canada. The elements of this discussion are set out in a short statement which was used at the First Ministers' Conference and which I am now tabling in both official languages.

[*The statement follows:*]

ELEMENTS EXAMINED IN FEDERAL-ALBERTA DISCUSSIONS ON EXPANDING NATURAL GAS MARKETS IN CANADA

The following principles are agreed in respect of expansion of gas markets:

1. Alberta will make gas available at an incentive price (i.e. below the price established from time to time for gas to be sold in existing markets);

2. The incentive price will be available for a fixed duration (including provision for phase-out);

3. In new markets east of Alberta; and

4. The incentive price will be rolled-in at the Alberta border with the price of gas sold to existing markets and to export so that all producers continue to receive a "single-price."

Mechanisms for implementation of these arrangements will be developed by a Federal-Alberta Task Force, with full consultation with each affected consuming province.

Achievement of gas market expansion will require congruent actions by federal and provincial governments and industry, including, by way of example:

1. Comparable tax treatment of gas and oil products in the market place;



2. Actions to take surplus fuel oil capacity off the market by refinery rationalization and oil product exports;

3. "Attitudinal changes" to gas use which could be encouraged by government statements; and

4. More flexible regulatory treatment of gas distributors.

## SOCIAL INSURANCE NUMBER

### USE FOR INCOME TAX PURPOSES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, the distinguished Leader of the Opposition, Senator Flynn, asked a question on November 29 and, as I read the account of the proceedings of that day, for some unaccountable reason he seems to question the motives of the government. He stated:

> It appeared to me then, and it still appears to me now, that the government was trying not so much to punish a possible theft or fraud as to share in the fruits of such activities.

Honourable senators, this is a statement completely uncharacteristic of the Leader of the Opposition. He made this remark in connection with the cashing of interest or dividend payments and the demand that social insurance numbers be produced. Honourable senators will recall that question.

The Deputy Leader of the Opposition expressed other concerns relating to the requirements of a social insurance number by individuals when cashing bond interest coupons and the 25 per cent withholding by the encashing agent when the number cannot be provided.

I am informed that a total of approximately $619,000 has been withheld from bond interest coupons cashed by individuals unable to provide a social insurance number. This amount is the accumulated total of such withholdings since July 1, 1977, the date on which the new requirement was imposed pursuant to Bill C-22. It should be emphasized that the 25 per cent withholding is neither a penalty nor a definitive tax; rather, it constitutes an amount withheld on account of a possible tax liability, from which credit for the withholding is allowed upon filing an income tax return by the individual. It should be pointed out, therefore, that the total withholding to date of $619,000 does not represent a general revenue fund to the government since any withholding in excess of an individual's calculated tax liability is refunded when that individual files the tax return.

● (1410)

I want to emphasize that the $619,000 is not a general revenue fund to the government.

**Senator Flynn:** That's not bad. It's not peanuts.

**Senator Perrault:** As some taxpayers had not been reporting as income the full amount of bond interest payments, a suitable method of identification had to be considered. Since the social insurance number had been found to be an efficient means of identifying individuals for other government pro-

grams, its use for identification of bond interest recipients was adopted.

The Honourable A. C. Abbott, the Minister of National Revenue, said, and I quote from the statement provided to me:

> I can assure you, however, that the intent at the time of enactment of the legislation was only to ensure a more efficient and equitable administration of the law, and in no way was it to interfere with the civil liberties or privacy of the Canadian people.

## TRANSPORTATION

### LANDING RIGHTS OF CANADIAN AND BRITISH AIRLINES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 21 last Senator Molson asked whether any information was available regarding the negotiations taking place between Canada and the United Kingdom respecting landing rights for Canadian airlines at Heathrow. I am now in a position to respond to that question, as follows:

The air negotiations currently under way between the Canadian and British governments are at the request of the British and are concerned with the renegotiation of the bilateral air agreement between the two countries. The main issues are routes and traffic rights, including access to western Canada for British Airways. Two rounds have already taken place, in April and October 1978, and the next round is scheduled for early 1979.

These negotiations are separate from the proposal by the British authorities that Air Canada move its London operations from Heathrow to Gatwick. The proposal is outside the scope of the bilateral agreement. According to the British, the move of certain blocks of traffic from Heathrow is essential because of severe and increasing congestion at Heathrow. It is also proposed that the airlines of Spain and Portugal move to Gatwick. In all cases parallel services by British Airways would also be transferred to Gatwick. Air Canada opposes this move and has had a number of meetings with the British authorities. The Canadian government is keeping fully apprised of the situation and the matter has been raised in discussions between ministers of both countries at which Canadian ministers have expressed concern about the proposed British action.

Under the present Canada-United Kingdom air agreement, which dates back to 1949, only British Airways, as the British designated carrier, is authorized to operate scheduled services to Canada from the United Kingdom. The major traffic points that British Airways is entitled to serve are Montreal and Toronto. Under the agreement the United Kingdom also has landing rights at several minor points in Canada such as Gander and Churchill but it does not operate to these points. Air Canada is the Canadian designated carrier for scheduled services to the United Kingdom and operates to the authorized points, London and Prestwick.

## NATIONAL DEFENCE

### THE NEW FIGHTER AIRCRAFT—QUESTIONS ANSWERED

**Senator Perrault:** Honourable senators, I have a rather lengthy reply in response to a series of questions on the subject of the selection of new fighter aircraft for Canada's armed forces. Honourable senators will recall that there was a rather lively exchange on this subject on November 28 last.

I have before me a statement on Motions made by the Minister of National Defence in the other place. It is too lengthy to be read by me during this oral Question Period. It fully details the process and reasoning behind the decision to eliminate four of the six competing aircraft.

As honourable senators know, the finalists will be the General Dynamics CF-16 and the McDonnell-Douglas/Northrop CF-18A.

Perhaps I might take this opportunity to briefly highlight the salient points given in the statement on Motions by the minister.

Our numerical requirement of between 130 and 150 aircraft is critical to our capability to meet our domestic and European commitments. The minister expressed his disappointment that the procurement of sufficient numbers of F-14s, F-15s, or Tornadoes could not be accommodated within our set budget of $2.34 billion, and that amount is in August 1977 dollars. The evaluation revealed that acquisition of a mixed fleet would bring little or no benefit in terms of fleet size, and that operation of such a fleet would bring substantial liabilities including double training and logistic support systems over the lifespan of the aircraft.

The two most severe constraints that Canada faces, and will continue to face, are the number of aircraft required and the set amount of money to buy them. Our task then is buy the best military aircraft available within these constraints while seeking the best possible industrial benefits for Canada with a minimum of project risk.

One of the finalists, the CF-16 is a single-engine aircraft which has been selected by five of our NATO allies, including the United States. Should the CF-16 be acquired, Canada would, of course, have extensive commonality with NATO allies in Europe. While this aircraft does not have the degree of sophistication of the larger aircraft, it does have an acceptable capability and is the only aircraft which at this point meets the numbers required.

The other fighter remaining in the competition, the CF-18A, offers us another set of possibilities. It may be more expensive than the CF-16 would be, and therefore we can expect to acquire fewer, although the minister is optimistic that an adequate number to meet our roles can be acquired in negotiations. Perhaps the purchase of this aircraft will allow for co-operative logistics arrangements with the United States. On the other hand, being a twin-engined somewhat larger aircraft, the CF-18A offers some definite advantages of its own. These include a greater potential for growth or capability to be fitted with new systems that may be necessary to cater to future demands made of a fighter aircraft. The CF-18A also

currently has more advanced all-weather capabilities in the context of sovereignty protection and air defence.

Finally, as honourable senators may appreciate, there are pros and cons to both types of aircraft. Assurances can be provided that there were also some pros and cons to all aircraft that have now been eliminated from the competition. Canada's request for proposals provided a standard which enabled us to obtain truly comparable data for all contenders. No single aircraft could possibly have met all specifications given in the request for proposals, nor was it the government's intention to acquire an aircraft whose capabilities far exceeded those required to adequately carry out the assessed roles.

## SOCIAL INSURANCE NUMBER

### USE FOR INCOME TAX PURPOSES—QUESTION

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask the Leader of the Opposition a question?

**An Hon. Senator:** The Leader of the Opposition?

**Senator Smith (Colchester):** I am sorry, I am anticipating things to come in a very short time. I apologize to the Leader of the Government for my anticipatory verbiage. As an excuse I will say I was just getting in practice.

May I ask the Leader of the Government a question relating to the signed statement of the Minister of National Revenue on the effect of legislation concerning social insurance numbers, and the requirement to produce a social insurance number before one can obtain the full amount of money due on coupons cut from Canadians bonds? Does this, in fact, relate to coupons on bonds sold to the Canadian public before the legislation was passed? If so, were those bonds not sold on the understanding that the purchaser had the right to cash the coupons without production of any document or a social insurance number?

**Senator Perrault:** Honourable senators, I shall take that question as notice.

**Senator Flynn:** As a supplementary question to that, I would ask, with regard to the amount that has been withheld or remitted to the government, if the Department of National Revenue has any figures indicating how much of this amount has been credited to taxpayers and how much is left in the government coffers.

● (1420)

**Senator Perrault:** Honourable senators, that information will be sought as an ancillary to the answer to the question posed by Senator Smith.

**Senator Grosart:** Would the Leader of the Government accept a suggestion that at some subsequent date he give a somewhat more complete answer to the question? His answer seems to me to ignore the most essential part of my question, which was: Is not this method of withholding money unless the social insurance number is given in direct—I emphasize "direct"—contradiction to an undertaking given by the government that the social insurance number would never be used for this kind of purpose?

The honourable senator quoted the minister as saying it was found that this was "a suitable method." I have no doubt it was. He said the minister found that this was "efficient." I have no doubt it was. But these are old, impossible and intolerable excuses for any government going back on its undertakings. Therefore, I would ask that at a subsequent sitting—perhaps early in the new year, if Parliament is not dissolved by then—he give us a full answer to that question, which I think is important. It may well be that the whole matter should be reviewed, and that these social insurance identification numbers should be used for other purposes. I don't know. However, I am concerned if this use is contrary to a clear assurance given when Parliament assented to the setting up of this type of identification of individuals.

[Senator Perrault.]

## NATIONAL DEFENCE

### THE NEW FIGHTER AIRCRAFT—QUESTION

**Senator Roblin:** I should like to refer to the statement the government leader made about defence aircraft, and to express the hope that the paper to which he referred gives us a little more information to go on than the statement he made today. My principal point has to do with my request as to whether or not the statement covers the strategic philosophy which lies behind the selection of aircraft. No mention was made of that in the statement.

The reason I am concerned is that one of these types of aircraft will be used for the overflight of our Arctic areas, and if a single-engine aircraft, like the F-16, is chosen, we can anticipate trouble. That point is underlined by the fact that he told us the F-16 was selected by six NATO partners, including the United States. But for what purpose? If the purpose is different from the purpose we have in mind for our Arctic responsibilities, I think that point should be considered.

My principal reason in rising is to ask the Leader of the Government whether the strategic considerations that lie behind the criteria laid down for the selection of aircraft for Canadian defence in Canada and NATO are covered in the statement to which he referred. If they are not, I hope he will be able to give us that information in another form.

**Senator Perrault:** Honourable senators, may I suggest that the statement made on Motions by the Minister of National Defence be printed as an appendix to today's proceedings? Honourable senators may wish to read the complete document, and if they feel dissatisfied with certain aspects of it, further information will be sought. I am prepared to support that action.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

[*For text of statement see Appendix "B", p. 331.*]

## NEWFOUNDLAND

SEARCH FOR MISSING VESSEL—QUESTION

**Senator Marshall:** I should like to ask a question of the Leader of the Government concerning the loss of the fishing vessel, known as the *Barra Cudina,* off the southwest coast of Newfoundland. In view of the fact that it appears that Search and Rescue—for which I have the greatest admiration—has failed to find the vessel, would the Leader of the Opposition—this is catching, honourable senators—would the Leader of the Government ask the Minister of Transport if an inquiry could be held into the loss of the *Barra Cudina* in order to clarify the position, and hopefully prevent further losses?

**Senator Flynn:** On a question of privilege. I assure the Leader of the Government that it is not by design that this accident has happened twice today.

**Senator Grosart:** Some senators have been reading the polls.

**Senator Perrault:** I presumed, perhaps incorrectly, that the question was directed to me. There seems to be a "Galluping" disease across the way today which is causing a misdirection of questions.

Honourable senators, that important question will be put to the appropriate authorities this afternoon to see if perhaps we can obtain an immediate reply.

**Senator Grosart:** I assure the Leader of the Government that, far from being a galloping disease, it is a remarkable recovery.

**Senator Smith (Colchester):** I expect for some it will soon be a fatal disease.

## UNITED NATIONS

NAMIBIA—CANADIAN FORCES CONTINGENT—QUESTION

**Senator Smith (Colchester):** I should like to ask the Leader of the Government a question of which I gave him very brief notice indeed. It has to do with the country now known as Namibia in many places, known once, I think, as Southwest Africa. Has the Government of Canada made a decision, either final or tentative, to provide a contingent of Canadian armed forces to any United Nations force that may be sent to that country in connection with the proposed United Nations elections?

**Senator Perrault:** Honourable senators are aware that Canada has played a very constructive role in attempting to resolve the problem that exists in that part of the world. However, I have received no current information with respect to a possible deployment of Canadian troops, so the question must be taken as notice.

## NEWFOUNDLAND

SEA AND AIR FREIGHT SERVICES—QUESTION

**Senator Marshall:** Honourable senators, I have a further question to put to the distinguished Leader of the Government. It has to do with a letter of November 28 from myself to the Minister of Transport concerning the cutback and downgrading of freight services to Newfoundland by sea and air. Since this action contravenes a commitment that rail freight services would be maintained and no lay-offs would occur until the final report of the Sullivan Commission on Transportation in Newfoundland is published, would the Senate leader provide the information, which is of concern to many Newfoundlanders?

**Senator Flynn:** Senator Perrault is the government leader in the Senate, not the Senate leader.

**Senator Marshall:** Would the distinguished government leader in the Senate give that information?

**Senator Perrault:** The information requested will be sought and produced as quickly as possible.

## NEWFOUNDLAND

SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, may I say that I have made inquiries again today with respect to the DREE industrial proposal referred to frequently by Senator Marshall in recent days. The day on which the honourable senator asked his first question marked a meeting between the Honourable Marcel Lessard and his counterpart in the Newfoundland government in an attempt to achieve some useful solution. However, no final statement on the matter is yet available for the Senate.

## CONSUMER AND CORPORATE AFFAIRS

REMOVAL OF SUBSIDY TO MILLERS OF WHEAT—QUESTION

**Senator Benidickson:** I should like to address a question to the Leader of the Government. Honourable senators will be aware that for a week or more in the other place there have been daily questions relating to the announcement of the government's intention to remove the subsidy to millers on domestically consumed wheat. We have also read various estimates of what this might mean to consumers at the end of the line buying a 24-ounce loaf of bread. Justifiably perhaps the President of the National Farmers' Union, convening in this city, who has been in office for a number of years, says that the actual cost to the bakeries would be three-and-a half cents a loaf. We have read about estimates that the subsidy elimination might mean an increase in price of 12 cents per loaf to the consumer; we have other estimates that it might mean an increase in price of five cents per loaf, and so on.

Would the Leader of the Government inform this chamber of the present conclusions of either the Department of Consumer and Corporate Affairs or the offshoot of the former AIB, which is called the CSIP, as to what consumers may, in the opinion of these government agencies, have to anticipate in this respect? What teeth and clout are available to the CSIP on the Department of Consumer and Corporate Affairs in

monitoring this type of possible price rip-off, or are they toothless tigers?

● (1430)

**Senator Perrault:** Honourable senators, as far as the increase in the price of bread is concerned, I attempted to answer that question on November 30, and what I said is reported at pages 296 and 297 of the *Debates of the Senate* of that day.

It is estimated by officials in the Department of Consumer and Corporate Affairs that a fair increase in price of a loaf of bread would range from 5 to 7 cents. There have been reports of increases which would range as high as 12 cents of loaf. The government has no control over the mark-ups charged by certain bakeries across the country. It is not the present intention of the government to become involved in a price control system involving the price of bakery products.

There is an experimental program about to be launched in the greater Vancouver area of British Columbia, sponsored by the Department of Consumer and Corporate Affairs, which would provide an information number for consumers. I understand that consumers will very shortly be able to call this information number and be able to learn about the best and most advantageous purchasing possibilities for a range of goods, commodities and staple items. This information will be assembled by personnel of the Department of Consumer and Corporate Affairs.

On a contrary basis, however, the Department of Consumer and Corporate Affairs is engaged in a program of collecting statistical data and information with respect to consumer products. Guidance is provided, when requested, for consumers on matters which affect their interests.

**Senator Benidickson:** Would the leader, in due course, reply to the other part of my question specifically as to the actual authority and powers of the government's new so-called pricing watchdog agency, the CSIP, a successor or an adjunct to the AIB that is about to expire but which we have had—with benefits, in my opinion—for several years?

**Senator Perrault:** That portion of the question will be taken as notice.

## INCOME TAX CONVENTIONS BILL

### THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Thompson for the third reading of Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax.

**Hon. Allister Grosart:** Honourable senators, in the absence of the sponsor of this bill, I may say that I undertook that my remarks at this time would not be controversial, so I see no reason why at their conclusion, if there are no other speakers, this bill should not be given third reading. It may be important, in relation to time, that we do that before the Christmas recess.

I rise at this time because I did say on second reading that I would attempt on third reading to clear up what may have been some confusion arising out of my suggestion that this measure, Bill S-7, might properly have been referred to the Standing Senate Committee on Foreign Affairs. I did not insist on that because I recognized the fact that there are precedents and other good reasons why we should continue to send a bill such as this to the Standing Senate Committee on Banking, Trade and Commerce. I have not changed my opinion on that.

The confusion may have arisen because of the somewhat anomalous position in which Parliament at this particular time is being asked to implement conventions and agreements—actually, treaties—which Parliament has not approved. This is the anomaly that I indicated earlier is of some importance. The fact of the matter is that under our constitutional usage, under historic practices, Parliament has no control whatsoever over the signing and ratification of international undertakings of any kind between Canada and other countries.

I think it is time that this matter is discussed in Parliament, and a solution found. I have spent some time in my life studying international law, and I believe it is quite correct to say that the executive in Canada could today conclude a treaty with one foreign country undertaking, on behalf of Canada, to go to war with another country on January 1. There is legally nothing to prevent that—if my reading of the authorities is correct. In my opinion, this is a situation that should not carry on indefinitely.

There are, of course, constraints. There are built-in conventional constraints. There have been statements made by former Prime Ministers, particularly the Right Honourable W. L. Mackenzie King, who made a general declaration, which was subscribed to by both houses of Parliament, that normally the executive would not enter into a major agreement or treaty—and he specified the kinds of international undertakings that might be included in that caveat—without consultation with or consent by Parliament, or both. That has not always been adhered to. He made the interesting exception that this did not, of course, apply to an exchange of notes. The result is something like 80 per cent of all such undertakings since have been in that form—the form that was specifically exempted.

This is a device of our experts in External Affairs. It is quite understandable that those who have the responsibility of negotiating these important undertakings would have some reservations as to the point at which they would have to disclose the negotiations or the intentions, but it seems to me, before an undertaking of any kind binding Canada—if it does bind Canada—with any other nation is signed and ratified, that surely Parliament should at least be informed and, in my view, should be asked to approve or otherwise.

A number of senators said that if we pass this bill we are surely ratifying these treaties. We are not. They have already been ratified. They have been signed. Morally, at least,

Canada is obligated by their terms. Why do we have the bill? The bill is before us because it is necessary to implement these undertakings, which have already been made, by amendments to domestic legislation, and, in this case, amendments to our tax legislation.

I suggest to honourable senators that it is absurd for us to be asked to implement undertakings—they are called conventions and agreements in this case—which have already been signed. It is true they have been tabled in Parliament, but surely Parliament should have been consulted. Parliament should in all cases be consulted before a signature on behalf of Canada is affixed to any document.

We will hear from External Affairs that it is impossible; there are hundreds of these. Well, it is still my view that Canada should not be committed to an international undertaking of any kind without the approval of Parliament.

In the Question Period this afternoon, Senator G. I. Smith asked whether we have made any undertakings with respect to peacekeeping in Namibia. This points up the whole situation. There *may* have been an undertaking. At this point it is necessary for a senator if he wants to find out whether we are committed to sending troops into this very dangerous area, to ask the executive if we have already undertaken to do so. We do not know, at this moment.

● (1440)

I may say it is true that it has been the practice generally for Parliament to be consulted before there have been definite commitments in international peacekeeping. It is because this is a new form of international undertaking that has developed in the last 20 years, which is rather different from a treaty, agreement, convention, or undertaking of any kind between two or more countries. It just happens to be between Canada and an international agency, the United Nations. This, however, does not affect the general principle. As I said, this is an illustration of the fact that Parliament can be kept completely in the dark about international undertakings on behalf of Canada.

Senator Hayden quite rightly pointed out that the bill before us deals with tax legislation. Therefore, it makes good sense that a bill, which, in fact, amends the existing tax legislation, should go to our expert committee on tax matters. This raises the question: If there were a convention dealing largely with agriculture, should it be referred to the Agriculture Committee, the Transport and Communications Committee, or which committee? I am inclined to think that that makes sense because we have developed a special expertise in these committees. However, this can mean that we are sending these conventions to be examined in committee when Canada has already signed them. So, if the bill failed to pass, Canada would be in the position of having to go to its co-signatories and saying, "We have to renege, even though we have signed."

One of the treaties covered by this bill was signed by a former Leader of the Government in this chamber, a former Secretary of State for External Affairs and now the High Commissioner in London, the Honourable Paul Martin. We are being asked now to implement that.

My suggestion, therefore, is that this is a particular matter that the Senate should examine in detail. We are dealing with an historic anachronism. I don't wish to go into the whole history, but it goes back to the principle of the prerogative of the Crown, and that goes back to the days when the King was not merely the King of Britain but also the Duke of Normandy, the Elector of Hanover—as he was at one time—and the effective king of Maine, Anjou, or anywhere in France or beyond France. When the King made war, Parliament told him that it could be none of their business, and that he could go to war for the other countries if he wished. They told him that if he needed money he could come to them. Of course, that was the situation that brought about the whole modern concept of parliamentary control—parliamentary control of taxation and expenditures.

We do not have that problem today because one of the obvious restrictions on the unlimited use of this prerogative of the Crown is the right of Parliament to refuse to grant supply for those purposes. The fact of the matter is that the most dangerous types of international undertaking entered into may require no money from Parliament, such as a decision to go to war. Parliament could subsequently say that it will not provide the money, but in the meantime there could have been a declaration of war, or an undertaking to declare war, by Canada. That is a decision, I suggest, that is quite proper for this chamber to look into.

I have raised questions on the nomenclature, and someone said that this was quibbling and that it did not matter if an undertaking were called a treaty, convention or agreement or one of the 20 other names mentioned to identify these types of agreements. Well, it does matter. At the present time the United States Congress is dealing with the very important question of the passage or otherwise of the SALT agreement, one of the most important international agreements of our time. President Carter's administration is probably having some difficulty because of the recent election results. Some of those who would have supported it, particularly in the Senate, are not there anymore, and they may not be able to get the two-thirds majority required to pass it. Well, what is their solution? It is to call it an agreement, the approval of which requires only a straight majority.

This is the kind of situation which can arise, and which makes it important for Canada to come up with clear definitions when it deals with these conventions, agreements, treaties, exchanges of letters, exchanges of notes, and so forth.

It has been suggested by various authorities who have looked into the matter that this is a very proper role for the Senate. It might well be—and I was surprised that there was not more discussion of it in the recent considerations of constitutional change—a very proper role for the Senate to examine in advance all such agreements before they are signed or ratified. That would be a proper role for the second chamber because, normally, we have more time, and perhaps, more facilities to conduct the kind of examination that is

necessary before we carry on any further with this anomaly. If something is not done about it, Canada may get into serious trouble.

Therefore, after consultation with Senator van Roggen, the Chairman of the Standing Senate Committee on Foreign Affairs, a committee of which I happen to be the Deputy Chairman, I will move in the near future that the whole matter of parliamentary information about and approval of all international agreements entered into on behalf of Canada be referred to that committee.

**Senator Goldenberg:** Would the honourable senator allow a question?

**Senator Grosart:** Of course.

**Senator Goldenberg:** Is he suggesting that the practice which he has been criticizing is confined to Canada? I understand that it is the general practice in international relations for treaties to be negotiated by the executive and then submitted to Parliament for ratification. I am sure he will recall the peace treaty that President Woodrow Wilson signed, which the United States Senate refused to ratify. I am asking the senator whether he thinks Canada, on its own, should change the practice?

**Senator Grosart:** That is a very interesting question, and goes very much to the heart of the suggestions I am making.

First of all, to clear up the question of ratification, in Canada, there is no requirement of ratification by Parliament. However, in some countries there is that requirement. Ratification in the United States and in many other countries is by Parliament, or one house of Parliament in some cases. So, that is really not the situation here.

This particular problem arises only in those countries which are still under what we call the Westminster tradition, where this concept of the prerogative of the Crown has carried on. That is one of many prerogatives of the Crown. The modern tendency, of course, has been to whittle them away. There are few left now, but this, however, is one. It is the "odd man out" if you like. It is a special case for Canada and countries still under the Westminster tradition.

● (1450)

It is true that the method of giving final approval to such undertakings varies around the world. Speaking from memory, I think I am correct when I say that in most countries—certainly most countries in the Western World, other than those operating under the Westminster tradition—the right of Parliament to have information, and to approve, is greater than it is in a country such as Canada.

Motion agreed to and bill read third time and passed.

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

SECOND READING—DEBATE ADJOURNED

On the Order:

[Senator Grosart.]

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-10, intituled: "An Act to facilitate conversion to the metric system of measurement".—(*Honourable Senator Fournier (Madawaska-Restigouche)*).

**Senator Macdonald:** Honourable senators, since Senator Fournier (Madawaska-Restigouche) is unable to be present today, I would be pleased, on his behalf, to yield to Senator Forsey, who I understand is prepared to speak at this time.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Eugene A. Forsey:** Honourable senators, I shall be very brief. I rise to sing a threnody or a dirge for the passing of the system of weights and measures to which we have been accustomed most of our lives. It is a matter of lasting grief to me that when this thing was first brought up it slipped past me unnoticed. The result of its passing, regardless of whether I noticed it or not, is that my declining years are being embittered by a constant series of exercises in mental arithmetic.

If honourable senators have noticed signs that I am doddering in my remarks in this chamber, I can assure them that I think the main cause of it is that my intelligence is being corroded, my wits are being addled, by the constant and strenuous exercise in mental arithmetic to which I am subjected by this infernal change to the metric system.

I realize that I am speaking against progress, I am speaking against the Zeitgeist, as the Germans call it, but I do want to register my expiring wail on this subject. I am going to read into the record of the Senate some verses which I wrote on this subject which I think may at least entertain honourable senators if they do nothing else. The verses are as follows:

LAMENT FOR THE OLD WEIGHTS AND MEASURES

The foreigners have taken over!
They've leapt across the Straits of Dover
And robbed us of our simple pleasures,
Our good old English weights and measures.
Henceforth, alas! to us it's barred
To buy or sell goods "by the yard".
No, no! It must be "by the metre",
And drinks are poured out by the litre.
An icy stare the chappie courts
Who asks for his in pints or quarts.
Butter in kilos now we're bound
To purchase; no more by the pound.
The wheat that's needed by our bakers
No longer comes from good broad acres.
In centigrade degrees we're told
Whether it's hot, or mild or cold;
And snow no longer falls by inches:
A thought at which the skier flinches.

No flight of miles our drivers heed:
The kilometer limits speed.
The only counting left that's ours
Is years and months, weeks, days and hours.
As in old times, these still are reckoned
By minute, and un-metric second.
For this small mercy let's be thankful,
As all else daily gets more crankful.

I don't know how long it will be before we shall be invited to change over to some kind of metricated, metrified, petrified time system by which we shall have 10 months in a year, 10 days in a week, and I don't know quite what. I trust that I shall be gathered to my fathers before that final indignity is imposed upon us.

**Senator Riley:** Honourable senators, I wonder if I might direct a question to Senator Forsey. I am wondering whether that excellent piece of poetry was based upon inspiration from the rhymes of Robbie Burns.

**Senator Forsey:** As one with almost no Scottish blood whatever, I am afraid I cannot acknowledge any debt to Robbie Burns. I think my debt perhaps is rather to Lewis Carroll and Gilbert and Sullivan.

**Senator Grosart:** Or Robert Service.

**Senator Macdonald:** Honourable senators, on behalf of Senator Fournier (Madawaska-Restigouche), I move the adjournment of the debate.

**Senator Flynn:** Certainly it cannot end on that note.

On motion of Senator Macdonald, for Senator Fournier (Madawaska-Restigouche), debate adjourned.

## INCOME TAX ACT
## FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Rizzuto, for the second reading of the Bill C-10, intituled: "An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973".—(*Honourable Senator Marshall*).

**Senator Bird:** Honourable senators, I wonder if I might have leave to speak to this item at this time.

**Senator Flynn:** A request such as that coming from Senator Bird can hardly be refused. I would point out, however, that the debate was adjourned last evening on the understanding that the subject matter of the bill would be referred to committee and that we would hear the minister before the debate on the motion for second reading is concluded. We now know that the minister will be available tomorrow, and following that meeting there will no doubt be a report from the committee.

If Senator Bird wishes to speak at this time, we can hardly resist that request. But I want to point out that there is something rather irregular here, and I am certainly not referring to the speech that we are about to hear from her.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Florence B. Bird:** Honourable senators, I want to thank the Leader of the Opposition for allowing me to speak on this measure this afternoon. I can only hope that what I have to say will help the committee in its questioning.

Bill C-10, while not a perfect bill, is a sensible and innovative effort to act in accordance with three important traditional liberal principles. First, there is the principle of universality, which is a cornerstone in our firmly established system of social security. It does that by providing a taxable family allowance of $20 a month for every child in every Canadian family.

Secondly, there is the principle that the nation's wealth be redistributed, and this measure does that by providing a refundable tax credit of $200 a year for every child in families in which the combined net earnings of husband and wife amount to $18,000 or less a year. If the combined earnings of the spouses exceed $18,000 a year, the allowance is decreased by 5 per cent, until it is cut off at the point when the joint income reaches $26,000 a year. This means that the rich and the middle income people in our society will help to pay for a refundable tax credit that may enable children in 600,000 poor families to have a better start in life.

Thirdly, this bill accepts the principle that for certain types of social service it has become necessary to apply a means test. This principle has already been accepted, since the guaranteed income supplement is paid to people over the age of 65 who are living in extreme poverty, in spite of the help provided by the universal old age pension.

Bill C-10 is innovative because it uses the negative income tax method. This is an enlightened way of applying a means test, whereby it is made possible for the people who need help to receive it without suffering from a sense of shame or feeling stigmatized, as many do now who must apply for public assistance.

Some day I hope that further application of the negative income tax method may enable us to do away with the multiplicity of services by which we attempt to cope with the problems of poor and deprived people—and, honourable senators, the poor, alas, are still with us.

The government has been giving serious thought to this matter for over two years. One of its feasibility studies, entitled, "Integration of Social Program Payments into the Income Tax System," has been included in the budget papers. It outlines the administrative and technical difficulties involved. As it points out, it may be difficult to introduce this future reform, which was recommended nearly a decade ago by the Special Senate Committee on Poverty, and by the Royal Commission on the Status of Women. It may indeed be difficult, but I refuse to believe that it is impossible.

I read a story as a child that I have never forgotten. I think I can still quote it almost verbatim:

> Un jour, Napoléon Bonaparte donna à un jeune officier un ordre très difficile à exécuter.
>
> "Monsieur," répondit l'officier, "cet ordre est impossible."
>
> "'Impossible,'" cria Napoléon, "ce mot n'est pas français".

● (1500)

Well, as a result of that early childhood experience, the word "impossible," whether in English or French, is not in my vocabulary when it is a question of getting things done. If we have the technical ability to put a satellite into orbit we can surely improve our present method of providing public assistance to the many disadvantaged people in our society.

This bill has the advantage of giving where the need is greatest without forcing the Treasury to dip into its pocket at a time when stringent economy is so necessary. There is no extra cost involved in this redistribution of funds. The same amount is in the kitty, but it will be spent differently by reducing the universal family allowance from $25.68 to $20 in order to pay the annual lump sum to families in the lower income brackets.

The bill has been criticized because it seems to discriminate unduly against the rich and the middle-income group by cancelling the chief breadwinner's $50 a year tax credit for each child. I'm sorry but that argument does not bring a tear to my eye. The bill is, after all, based on the principle of the redistribution of wealth.

In the past it was the poor who were discriminated against in the Income Tax Act. They did not pay any income tax and so received no relief either from the $50 a year tax credit, or from the tax exemptions for children which will continue to benefit those people who pay income tax.

I think that in one respect the bill could be improved by amendment. The $200 a year will be paid to families where the joint income of a husband and wife are below the stated level. If the man and woman in the family are not married, there is no cut-off level. In other words, this bill makes it financially more desirable for a couple with a joint income in a middle or higher bracket to live outside of wedlock rather than to be married.

In doing that, since married couples are penalized, Bill C-10 may contravene the Human Rights Act, which forbids discrimination on the grounds of marital status. The matter has been drawn to the attention of the Minister of Finance by Mr. Gordon Fairweather, the Commissioner of Human Rights.

I suggest that the members of the Banking, Trade and Commerce Committee might consider sending a message to the government suggesting that the bill be amended to recognize a common-law relationship—the way the Old Age Security Act, the Canada Pension Plan, and the Veterans Pension Plan have already been amended. In those acts the word "spouse" as well as applying to husband and wife, includes two persons of the opposite sex who have been living together for three or more years when there is a bar to their marriage, or at least one year when there is no bar.

If this change were made it would do away with discrimination against married couples and perhaps even save money, since a couple living in common-law relationship would not receive the annual tax credit when their joint income was over the cut-off amount.

Concern has been expressed in the other place and in the media because up until now only six of the premiers of the provinces have undertaken to recommend to their cabinets that there will be no reduction in the public assistance payments to families who receive the $200 refundable tax credit. The Honourable Monique Bégin has made personal vists and bombarded the premiers with telegrams, telex messages and telephone calls. But only six have agreed.

The federal government has, of course, no power to force them to do this. We must therefore rely on the force of public opinion to persuade all levels of government to act with justice and compassion, as well as with a mature understanding of what is the best and wisest policy for the good of society as a whole.

It has been argued that it is a form of discrimination against a husband to pay the tax credit to a mother, unless someone else is the legal guardian of the child. This is an example of the difficulty in drafting fair legislation. However, it makes sense to give it to the mother because women are, as a rule, the people who are responsible for the practical needs of children, for the buying of the clothing or other necessities that contribute to the well-being of the family. This principle was, as many of you will remember well, established once and for all when family allowances were first introduced.

At that time the Honourable Thérèse Casgrain played the role of a twentieth century Jeanne d'Arc, fighting for the rights of women. In her memoirs, *Une Femme Chez Les Hommes*, she tells how in the spring of 1944 when, at a meeting in Ottawa, George Davidson, the Deputy Minister of National Health and Welfare, whispered to her, "Madame, il se prépare quelque chose de très grave contre les femmes de votre province." She went on to say, "Il ne voulut rien ajouter."

She suspected that this serious matter had to do with family allowances, so immediately she arranged a rendezvous with Louis St. Laurent, then Minister of Justice, who confirmed her worst suspicions. Family allowances were to be paid to mothers in every province except Quebec. In Quebec they were to go to the fathers because at that time, according to the Civil Code, married women were considered to be minors in the eyes of the law. Fortunately, now the Civil Code has been amended.

Madam Casgrain wrote, "Cette réponse me choqua profondément," and characteristically she decided to do something about it. She went back to Montreal and, with the aid of three dauntless Québecoises, launched a furious publicity campaign against this outrageous decision. The Quebec unions supported her, as did the women.

A few days later MacKenzie King telephoned her and told her that the allowance would be paid to Quebec mothers. The first pay cheques were three weeks late in arriving because all of the original cheques had to be destroyed and new ones printed.

That year I was told by the Honourable Brooke Claxton, Minister of National Health and Welfare, who introduced family allowances, that the entire cabinet was hiding in cupboards and crawling under the beds in fear and trembling lest Madam Casgrain descended on Ottawa like an avenging angel.

Today I am sure all MPs and senators would be hiding in cupboards or crawling under the beds if any government suggested not paying the $200 a year to mothers. The consequences would be too awful to contemplate. I have visions of Laura Sabia leading millions of women to Parliament Hill. I can see them trampling the tulip beds and rushing into the other place and even invading this sacred chamber where we sit today. Of course, Thérèse Casgrain would be there again, and I have a feeling that I would be up there in the vanguard, egging them on, or acting as a fifth column or something.

Honourable senators, this bill is not perfect—I am not sure there is such a thing as perfect legislation—but it is an enlightened bill. It has compassion, a heart, because it may help two million deprived children to have a better chance in life. I need not remind you that Canada's children are the nation's hope for tomorrow.

**Hon. David A. Croll:** Honourable senators, I am not in the mood to make a speech today. After hearing the speech by the honourable senator who introduced the bill yesterday, I was much distressed. I do not blame him at all, but the memorandum prepared by the department mentioned that Marsh, a social scientist from British Columbia, had made a contribution to the family allowance question, and that the Right Honourable W. L. MacKenzie King had made a contribution. It never occurred to the department to indicate in the memorandum that the contribution of value in respect of this particular bill came from the Senate, and that the principle underlying the bill—MacKenzie King never heard of it, Marsh never heard of it, and they would not recognize it if they were around—is a simple one but a very important one and a very far-reaching one, and it is new. It merely proclaims that the tax system, which up to now has benefited those who pay income tax, will heretofore benefit those who do not pay income tax. It is as simple as that, and, as I said, it is new. It extends social benefits on a geared-to-income tax basis. It is a forward step. It is a leap, as a matter of fact. It is new, it is different and it is original.

● (1510)

I was very disappointed that no mention was made of this, but that is the kind of treatment we in the Senate often get. We are ignored as though we didn't exist, as though we didn't have any part in formulating the principle of this bill. The principle is vitally important. It is the first step towards the guaranteed income under a negative income tax system. Not at the moment, perhaps, but the method will be used for the purpose of doing away with the welfare system as we now know it. If it does, we will bless it. It is not a very thunderous forward step, but it is something that we can well be proud of.

How could the department, in drawing up the memorandum, forget that in 1972 the Senate made a report on poverty that was read in every social science class in every university? More than 30,000 people bought a copy. It has been endorsed by every sort of group in this country. I don't for a moment suggest that we invented the guaranteed annual income, but we got it off the ground as a social and political movement; we made the idea respectable, practical and acceptable, and we have been at it for years.

As a matter of fact, those who know something of the history will remember that when the Honourable Marc Lalonde was the minister he did his best to get it put into effect. The history of the guaranteed annual income is that Mr. Lalonde wanted the government to proclaim it some years ago, but John Turner objected and there was a great deal of reaction between them, until the Prime Minister said, "Yes, we will accept it, but we will put it into effect when we are able to do so."

Before I go any further, I should like to say that one of my purposes in rising is to put on record a table of the updated poverty line. I have sent a copy of this to every member of the Senate. I ask permission to have this table printed at this point in my speech.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

## SENATE REPORT ON POVERTY
## POVERTY LINE UPDATE—1977

COMPARISON BETWEEN SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA LOW INCOME LINES BY FAMILY SIZE FOR 1977

| Family Size | Senate Committee Poverty Lines 1977 (nearest $10) | Statistics Canada Low-Income Lines, 1977* |
|---|---|---|
| 1 | $ 4,770 | $3,231—$ 4,446 |
| 2 | 7,940 | $4,688—$ 6,443 |
| 3 | 9,530 | $5,980—$ 8,221 |
| 4 | 11,110 | $7,110—$ 9,778 |
| 5 | 12,710 | $7,951—$10,930 |
| 6 | 14,300 | $8,726—$11,999 |
| 7 | 15,890 | $9,567—$13,158 |

* The Statistics Canada line consists of a range for each family size because allowance is made for the size of the population area from rural to metropolitan in which the family lives.

SENATE COMMITTEE POVERTY LINES AND PROPOSED GUARANTEED ANNUAL INCOME (G.A.I.) LEVELS BY FAMILY SIZE REVISED TO 1977

| Family Size | 1976 Poverty Lines (nearest $10)** | 1977 Poverty Lines (nearest $10)** | 1977 Proposed Guaranteed Annual Income Levels* (nearest $10) |
|---|---|---|---|
| 1 | $ 4,660 | $ 4,770 | $ 3,340 |
| 2 | 7,760 | 7,940 | 5,560 |
| 3 | 9,310 | 9,530 | 6,670 |
| 4 | 10,860 | 11,110 | 7,780 |
| 5 | 12,410 | 12,710 | 8,900 |
| 6 | 13,960 | 14,300 | 10,010 |
| 7 | 15,510 | 15,890 | 11,120 |

* 70% of relevant poverty line

** Partly because of a slight increase in average income of only 3% over the year

NUMBER AND PERCENTAGE OF FAMILY UNITS WITH INCOMES BELOW SENATE COMMITTEE AND STATISTICS CANADA CUT-OFFS FOR 1977 AND 1976

| 1977 | Senate Committee Lines | Statistics Canada Lines |
|---|---|---|
| unattached individuals | 42.9% (882,000 persons) | 37.9% (779,000 persons) |
| families of two or more | 21.5% (1,288,000 families) | 11.9% (712,000 families) |
| 1976 | | |
| unattached individuals | 43.4% (994,000 persons) | 35.7% (817,000 persons) |
| families of two or more | 22.5% (1,295,000 families) | 11.2% (645,000 families) |

SENATE REPORT: Poverty level set at approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

STATISTICS CANADA: Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence. For example, the poverty line for a family of 4 in 1977 ranges from $7,110 in a rural area to $9,778 in cities of ½ million or more people.

**Senator Croll:** The guaranteed annual income had been endorsed by all religious denominations, by labour, social organizations and universities. Yet, as I pointed out, the memorandum to which I referred neglected to mention our contribution, and I think it is time that we in the Senate stood up and said what we have to say and indicated that we, too, are making a contribution.

I support the tax credit, as I am sure all honourable senators do. However, I do not agree with the cut in the family allowances, and if clause 10 of the bill is dealt with by itself I shall certainly vote against it. I do not think there is any justification for interfering with the benefits. While on that point, I should like to indicate that income distribution has not made progress in this country. I will come to that later.

Honourable senators, I have here a table, the source of which is Statistics Canada, showing the income distribution for families and unattached individuals in each of five quintiles from the lowest to the highest. I ask permission to put that on record, too. I am sure it will be useful to honourable senators.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*The Table follows:*]

INCOME DISTRIBUTION FOR FAMILIES AND UNATTACHED INDIVIDUALS

| | Lowest Quintile | Second Quintile | Middle Quintile | Fourth Quintile | Highest Quintile |
|---|---|---|---|---|---|
| | Earned less than $6,000* | Earned $6,000 to $11,924* | Earned $11,924 to $17,884* | Earned $17,884 to $25,376* | Earned more than $25,376* |
| | percentage share of total income | | | | |
| 1965 | 4.4 | 11.8 | 18.0 | 24.5 | 41.4 |
| 1971 | 3.5 | 10.6 | 17.6 | 24.9 | 43.3 |
| 1976 | 4.1 | 10.4 | 17.3 | 24.8 | 43.4 |
| 1977 | 3.9 | 10.8 | 18.0 | 25.7 | 41.6 |

Source: Statistics Canada, Income Distribution by Size in Canada, Preliminary Estimates, 1977, and calculations supplied by Statistics Canada officials.

A quintile is a fifth of the population.

* Earnings are for the year 1977.

**Senator Croll:** I do not accept the reduction in family allowances, although I know it is generally accepted because in the end some families will benefit from it. Much more serious than that is the fact that there is in the air in the country today a suggestion that there be a reduction in social benefits. The Economic Council of Canada has made such a suggestion in two reports. In one of the reports the council deplores the fact that labour people will not sit on the council; they have withdrawn and they won't go back. If I were a labour man asked to sit on the council I would refuse as well. They would be better off if they paid some attention to the Economic Council of Canada by picketing it from now on.

It is well to remember that there are some things in this country that are just untouchable. We have a social service system and a basic old age system by which people live. Let me indicate to you what something that has come to us over many years consists of:

1. An old age security pension of $1,841 in 1978;

2. An income tested supplement with maximum benefit of $1,291 for single persons and $1,147 for each married individual, hence $2,294 per couple, in 1978;

3. A public pension scheme, Canada Pension Plan, with an average annual retirement benefit in 1977 of $1,027; and

4. A set of tax reductions consisting of (a) the age exemption of $1,520 in 1978; (b) the pension income deduction up to a maximum of $1,000 in 1978; and (c) dividend and interest income deducted up to a maximum of $1,000 in 1978.

These are all parts of the system which it has taken us many years to build.

● (1520)

As I indicated, the Economic Council has on two occasions attacked the universality of our old age security system. We must keep in mind that universal programs provide greater dignity to beneficiaries and increase self-determination on the part of the poor by treating them like everyone else in society. It places less emphasis on class distinctions and more on our common humanity. To the poor, it offers more hope to better themselves through their own efforts and sacrifices. Finally, universal programs are fairer than welfare programs.

I am not dealing with the details of the bill, but when the Economic Council begins to speak of Canada wanting more social programs than it can afford, I do not know that it is the best judge of what Canada can afford. We who were here before yesterday have heard that time and time again, and invariably they have been wrong.

I spoke of the distinction in income among the various members of our society. Originally, we started out to see what we could do for the working poor. If you remember the report, it spoke of having three-quarters of a million people in various parts of Canada who could receive more money on welfare than they were receiving for work. Something had to be done for them. At one time, Mr. Lalonde, when he was minister, attempted to bring the provinces together for the purpose of paying a subsidy. I think it was $90. He got agreement from them all except Ontario. They would not go along with it. There was nothing further he could do.

This will help the situation. The strange part about it is that we have been saying to ourselves that we could not do anything at all about the guaranteed annual income until such time as conditions change and we were out of those difficult times; that we did not have the money and we could not do anything about it. Everybody believed it. Yet, under the stress of the need to do something, here we are doing it when we are almost at our lowest; when we face high unemployment and other difficulties. We do it now, thus proving that everything those people were saying was wrong all the time.

**An Hon. Senator:** There is an election coming up.

**Senator Croll:** Let me tell you something. If they did that for me, I would be very much impressed and, as a matter of fact, I would vote for them. I do not care what the reason is, this is a good measure and a good principle.

What we have left out now becomes very important. We have not done anything for that group of people between 60 and 65 years of age, wherein there is a real need. In that group there are about 300,000 women and about 200,000 men, who all need help and for whom nothing at all has been provided. Something should be done for them.

**An Hon. Senator:** Voters!

**Senator Croll:** It is very difficult for us to say we will pay the old age pension at age 60. It is very costly. Yet, a great deal must be done for those people. They cannot sit for the next five years or longer waiting for something to be done. We have now indicated that, despite our financial difficulties, we want to do something for these people to give them some hope.

I do not want the country to forget—I am not going to let it forget, and you ought not to let it forget either—that the Senate made a great contribution. We were the people who studied this problem. We are the people who made a recommendation, and stuck our necks out six or seven years ago and said that this is a good thing to do. We are the people who brought public opinion around to the point where the government is doing it now—doing it in a small way, but doing it.

When people start abusing the Senate—and that comes easily to most people—at least we have an opportunity to stand up and say, "Yes, but here is a new, novel and important idea in the face of politics, indicating that it is the art of the possible, and we brought it into the open and it has been adopted." Perhaps some people will get the impression that we do have a purpose, and that we exercise that purpose.

I am sure before social measures progress further, and as the negative income tax continues to be introduced for the aged, for those widows, for those widowers and for those unfortunate people, that the country will come to the conclusion that the Senate is very important to its interest, and those who attack the Senate from time to time will have to justify it.

This is not the only thing we have done, but one thing that we have done is study matters and make recommendations which, in the main, have been accepted. All we ask from the members of the other house is that they say that some of the things we have done are worthy, and they are glad we have done them because they did not have the time.

This method of approaching welfare is vital to the country at the present time. I rise for the purpose of indicating that we in the Senate should look with pride upon this present accomplishment. It is one of our many accomplishments in recent times.

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

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

• (1530)

## AGRICULTURE

### COMMITTEE AUTHORIZED TO STUDY PROBLEMS OF INTERNATIONAL CO-OPERATION IN THE MARKETING OF GRAINS

On the Order:

Resuming debate on the motion of the Honourable Senator Argue, seconded by the Honourable Senator McNamara:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon the problems of international co-operation in the marketing of grains and other agricultural products; and

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place for the purpose of such examination. (*Honourable Senator Petten*).

**Senator Petten:** I yield to Senator Argue.

**The Hon. the Speaker:** Is it agreed?

**Hon. Senators:** Agreed.

**Senator Argue:** Honourable senators, with leave of the Senate, I ask that the last paragraph of the motion be modified to read as follows:

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada or to Washington, D.C., U.S.A. for the purpose of such examination.

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

**Senator Grosart:** I rise to respond to the motion to give leave. It is a motion, and we sometimes forget that. It is a motion to suspend the rules of the Senate.

I merely wish to ask the senator why this modification is regarded as being necessary, because the motion now reads, "from place to place." Perhaps there is a restriction there.

**Senator Argue:** In response to Senator Grosart's question, I am glad to say that our committee has been invited to meet with United States senators from time to time. We have received an invitation to set up a joint task force to continue to study the whole idea of international co-operation in the marketing of wheat. This invitation is before the Senate committee, and to respond to it we need this kind of authority.

**Senator Grosart:** I am not questioning the necessity of accepting this invitation, but rather the necessity of altering the motion which now reads "may adjourn from place to place." I am wondering whether this is regarded as being restrictive, because we often use these words. I would be interested in knowing if this wording would restrict the committee to adjourning from place to place in Canada?

**Senator Argue:** The original motion before you reads "from place to place." That is pretty broad. This modification would prevent the Agriculture Committee from undertaking a world tour, which we do not have in mind in this case. We do have in mind a possible return to Washington, D.C. That is the reason for the modified wording.

Motion, as modified, agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See p. 315.*)

## NORTHERN PIPELINE

### FIRST REPORT OF COMMITTEE

WEDNESDAY, December 6, 1978

The Special Committee of the Senate on the Northern Pipeline has the honour to present its First Report as follows:

The Special Committee of the Senate on the Northern Pipeline was first appointed on May 24, 1978, during the last session of Parliament.

On October 12, 1978, after the commencement of the present session, the Senate adopted the following motion:

That a special committee of the Senate be appointed

(1) to inquire into any matter relating to the planning and construction of the pipeline for the transmission of natural gas from Alaska and Northern Canada described in An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, Chapter 20, Statutes of Canada, 1977-78,

(2) to consider, in particular, all reports, orders, agreements, regulations, directions, recommendations and approvals referred to in the said Act, and

(3) to report to the Senate thereon at least once in each session of Parliament during the period of the planning and construction of the pipeline;

That the committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the committee and to adjourn from place to place in Canada; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee.

The present committee was appointed on October 25, 1978.

*The Northern Pipeline Act* provides the legislative framework for the planning and construction of the Northern Pipeline and gives effect to the Canada-U.S. Agreement. It grants to the designated companies the right to build the pipeline and it creates the Northern Pipeline Agency to carry out the federal responsibilities in relation to the pipeline.

Your committee in fulfilling its mandate has been actively engaged in monitoring the pipeline related activities of the Agency and of the pipeline companies involved.

The committee appointed in the last session has held eight meetings and heard four witnesses from the Agency and the Foothills group.

The present committee has held seven meetings to date and has heard nine witnesses from the Agency and the Foothills group.

During these meetings, the committee discussed the progress of the pipeline, including subjects such as the financing of the project, the federal-provincial consultative process involved, the environmental and socio-economic conditions and the procedure for acquiring the rights-of-way necessary for the construction of the line. This latter issue has become a major emphasis of the committee. Concern has been expressed about the methods of acquiring the land rights for the pipeline and the fairness of the procedure towards the landowners who would be affected.

To evaluate the adequacy of these procedures, the committee gathered information on the land acquisition procedures under federal jurisdiction, as well as on those applicable under provincial law. The information obtained indicated that there is a substantial difference between federal methods of acquisition of pipeline rights-of-way, and provincial methods with which, from past experience, the landowners were generally more familiar. Thus, the committee felt the need to inform the landowners of their rights under the federal law, in addition to providing them with information that would increase their general understanding of the pipeline. The committee accordingly issued two Bulletins dealing with these matters and sent them to the prospective landowners along the route of the pipeline where the names and addresses have been supplied by Foothills.

The responses received to date from various prospective landowners in Alberta have confirmed the committee's fears. The landowners are concerned and confused about the methods to be used to acquire the land rights required for the Northern Pipeline.

The committee, after its study, has come to the conclusion that the federal procedures are inadequate and place the landowner in an untenable position. Pursuant to the *National Energy Board Act*, the acquisition of the land rights is done simply by negotiation between the company and the landowner. It does not involve either the National Energy Board or the Northern Pipeline Agency. If agreement is not reached, the *National Energy Board Act* refers to the expropriation procedures contained in the *Railway Act* as applicable. These

expropriation procedures are antiquated. Consequently the committee intends to prepare amendments to existing legislation in order to enact an improved acquisition procedure.

The committee is also becoming increasingly aware of the need to view this pipeline in the context of the overall gas supply and demand requirements. The National Energy Board is presently conducting hearings that will determine whether Canada has any gas available for export. The pre-building of the southern portion of the Alaska Highway Pipeline Project depends on a favourable determination in this regard. An application by Pan Alberta now before the National Energy Board is seeking approval for the export of 1.04 billion cubic feet of natural gas daily. In its monitoring function, the committee will be following closely the National Energy Board gas supply/demand hearing and decision, which will govern not only the pre-building of the southern portion of the Alaska Highway Pipeline Project but also a number of other major projects important to Canada's energy future, such as the Polar Gas Project and the extension of gas service to eastern Quebec and the Maritimes.

An efficient way to accomplish this task would be to refer the estimates of appropriate federal Departments and agencies such as the Department of Energy, Mines and Resources and the National Energy Board to the committee on a regular basis.

Respectfully submitted,

H. A. (BUD) OLSON,
Chairman

## APPENDIX "B"

(*See p. 318.*)

## NATIONAL DEFENCE

### THE NEW FIGHTER AIRCRAFT—STATEMENT BY MINISTER

Mr. Speaker: I am pleased to announce that based on conclusions of one of the most thorough evaluations of a defence procurement program ever carried out in this country, cabinet has now approved a set of directions regarding the next stage of the process towards acquisition of a new fighter aircraft (NFA) for the Canadian Forces.

In arriving at these conclusions I have been guided by, and the judgements reflect, the military advice which I have received from the Chief of the Defence Staff. The government, through the offices of the NFA Program Manager, has now informed four of the competing manufacturers that their aircraft are no longer in the competition. These are: Grumman with the F-14 Tomcat; McDonnell-Douglas with the F-15 Eagle; Panavia with the Tornado and Northrop with the F-18L Cobra.

The finalists will be the General Dynamics CF-16 and the McDonnell-Douglas/Northrop CF-18A which are the Canadian versions of these aircraft. The government has also decided against further consideration of a mixed fleet of fighters. The governments of the Federal Republic of Germany, Great Britain, Italy and the United States which all have been following this selection process with keen interest, are also being informed of this development.

Direction has now been given to the interdepartmental program office to initiate discussions leading to the negotiation of draft contracts with the two prime manufacturers remaining in competition. In addition to the very important questions of aircraft capability, fleet size, delivery schedule and optimum phasing of payments, emphasis will be placed on negotiating the best mix of industrial benefits for Canada. In these negotiations particular attention will be paid to arrangements that could contribute to the growth of research and development activity in Canada as well as high technology industry which complements our geography and resources. Emphasis also will be given to ensuring that all regions of the country will have full opportunity to participate in this program.

I expect that it will be several months before I am in a position to present a comparative analysis of draft contracts to cabinet for final selection of a new fighter aircraft.

I am sure that those of you who have followed the evolution of the program since its start, in March 1977, have come to realize the magnitude of the task facing the government in this selection process.

At the end of June, as you will recall, the government decided to allow additional time to permit manufacturers to refine their initial proposals. I am pleased to report that by the new deadline of August 1st all had responded with offers that contained substantial improvements over their earlier proposals.

Our numerical requirement of between 130 and 150 aircraft is critical to our capability to meet our domestic and European commitments. We are indeed disappointed that procurement of sufficient numbers of F-14's, F-15's or Tornados could not be accommodated within our set budget of $2.34 billion (August 1977 dollars).

Our evaluation also revealed that acquisition of a mixed fleet would bring little or no benefit in terms of fleet size and that operation of such a fleet would bring substantial liabilities including double training and logistics support systems over the life span of the aircraft.

The two most severe constraints that we face and will continue to face are the number of aircraft required and the set amount of money to buy them. Our task, then, is to buy the best military aircraft available within those constraints, while seeking the best possible industrial benefits with a minimum of project risk.

In addition to cost and numbers, there are other considerations that serve to favour the two aircraft we have kept in the process. To begin with, there is the military and political assessment that we have made of the current—and to a certain extent, anticipated—strategic situation that we are facing.

We have come to the conclusion that an adequate number of the smaller aircraft equipped with radar guided air-to-air missiles and suitably deployed across Canada, could afford us the capability to fully exercise our sovereignty by intercepting, identifying, and if necessary, destroying aircraft that might be probing into Canadian airspace. Having this type of prudent capability, we believe, would deter probes and offer adequate protection against the possibility of a bomber attack on the North American continent.

Having eliminated the three most expensive systems from the competition, three remained—the CF-16, the CF-18A and the CF-18L—that met or came very close to meeting our numerical requirements within the budgetary envelope while being able to meet the most likely military challenges.

The CF-18L proposed by Northrop could meet these most likely challenges and probably be acquired in sufficient quanti-

ties. Potentially, it also provides a very attractive package of industrial benefits. However, we have assessed as very considerable the risk of committing Canada to buying a sophisticated aircraft that is not in service with any other country. At this time, I consider all the various types of risks which could be involved in the development and initial introduction into operational service of this aircraft are greater than we either need or are prepared to accept. Moreover, even in the best of circumstances, the delivery schedule of the CF-18L is likely to be markedly behind that required for the timely replacement of our CF-101 and CF-104 aircraft.

The F-16 is a single-engine aircraft which has been selected by five of our NATO allies including the United States. Should the CF-16 be acquired, Canada would of course have extensive commonality with NATO allies in Europe. While this aircraft does not have the degree of sophistication of the larger aircraft, it does have acceptable capability and is the only aircraft which at this point meets the numbers required.

The other fighter remaining in the competition, the CF-18A, offers us another set of possibilities. It may be more expensive than the CF-16 would be, therefore we can expect to acquire fewer although I am optimistic that an adequate number to meet our roles can be acquired in negotiations. Purchase of this aircraft could allow for co-operative logistics arrangements with the United States.

On the other hand, being a twin-engined, somewhat larger aircraft, the CF-18A offers some definite advantages of its own. These include a good potential for growth, or a capability to be fitted with new systems that may be necessary to cater to future demands made of a fighter aircraft. The CF-18A also currently has more advanced all-weather capabilities in the context of sovereignty protection and air defence.

We must recognize, however, that in both military and political terms, a major consideration for Canada is collective security in Europe. This is where the philosophy—or strategy—of deterrence, common to all members of the NATO alliance, is subject to its greatest challenge, in the light of qualitative and quantitative improvements to the forces of the Warsaw Pact countries.

It is important that our own contributions to collective security be quantitatively and qualitatively adequate for deterrence. Quantitatively, this means a number of aircraft at least equal to that we now commit to the Alliance in Central Europe and to the Northern Flank. This total number of aircraft, plus some for training and attrition, makes up well over half of our total requirement. This is clearly a factor that influences the type of capability that we must seek in the fleet—the qualitative aspect of the contribution. We want that capability to be prudently adequate for the sovereignty and air defence roles in Canada and also to be effective in particular roles in central Europe and in northern Norway.

As you can appreciate, there are pros and cons to both types of aircraft. I can assure you that there were also some pros and cons to all aircraft that have now been eliminated. Our request for proposal provided a standard which enabled us to obtain truly comparable data for all contenders. No single aircraft could possibly have met all specifications given in the request for proposal. Nor was it the Government's intention to acquire an aircraft whose capabilities far exceeded those required to adequately carry out assessed roles.

We are convinced that we have now made a very judicious decision in selecting these two aircraft for further consideration, taking into account the factors of military requirements, budgetary considerations, the minimum number of aircraft required, the risk element and the potential industrial benefits.

We expect that a reduction to two contenders will have a very favourable impact on Canadian industry's ability to participate with prime manufacturers in the development of detailed industrial proposals.

To the prime manufacturers who have devoted considerable resources to this competition so far, and particularly to manufacturers' representatives who have displayed so much energy and sincere efforts in presenting their companies' proposals in the best possible light, we owe thanks for their exceptional co-operation.

Finally, Mr. Speaker, I am confident that in this next critical phase of the fighter program, the interdepartmental team and all others who are in any way involved will continue to work in an atmosphere of fair and keen competition, and that rapid progress will be made towards selection of a new fighter aircraft to meet Canada's needs to the end of the century.

# THE SENATE

**Thursday, December 7, 1978**

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

Prayers.

## THE GOVERNOR GENERAL OF CANADA

APPOINTMENT OF EDWARD RICHARD SCHREYER—ANNOUNCEMENT

**Senator Perrault:** Honourable senators, I have a press release from the office of the Prime Minister which I am very pleased to read to the honourable senators:

> The Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, announced today that, on his recommendation, The Queen has been pleased to approve the appointment of Edward Richard Schreyer as Governor General of Canada in succession to the Right Honourable Jules Léger, C.C., C.M.M., C.D. Mr. Schreyer will assume office in late January 1979.

I know that all of us wish the Governor General designate the very best during his forthcoming term of service to the Canadian people. Our good wishes go, as well, to his wife and his family on this significant occasion.

[*Translation*]

**Senator Flynn:** Honourable senators, I believe it behooves me to say a few words about the news the Leader of the Government has just acquainted us with. I note that he received the press release from the Prime Minister's office. I trust he did not first hear of the news through that press release.

In any event, I should like to say to the Governor General designate that we are happy to see him accede to this very important office. He represents the ethnic group. I say "ethnic" in the sense of the third language group in Canada. He speaks both official languages, English and French. Moreover, I understand he speaks other languages as well, which will assist him in the performance of his duties.

The prospect of having a 43-year old Governor General become, in five years from now, a former Governor General at 48 years of age, astonishes me somewhat, I must say.

Still, I am particularly happy at the thought that the first major duty he will probably have to perform will be that of calling upon the leader of the Conservative Party to form a new government.

Be that as it may, I extend to him, his wife and family, our very best wishes and, naturally, the assurance of our wholehearted cooperation.

[*English*]

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with the 1977 Operations Report.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1977, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

## FUGITIVE OFFENDERS BILL

REPORT OF COMMITTEE PRESENTED

**Senator Goldenberg,** Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 7, 1978

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the Bill S-9, intituled: "An Act respecting fugitive offenders in Canada", has in obedience to the order of reference of Thursday, November 30, 1978, examined the said bill and now reports the same with the following amendments:

1. *Page 3, Clause 2:* Strike out lines 12 to 14 and substitute the following:

> "(*b*) any country within the Commonwealth that, though not sovereign and independent, is not a dependent territory;"

2. *Page 4, Clause 2:* Strike out line 3 and substitute the following:

"ry has been designated by a"

3. *Page 6, Clause 6:* Strike out lines 14 and 15 and substitute the following:

"of the evidence and the foreign warrant or information, to the Minister."

Respectfully submitted,

H. Carl Goldenberg
*Chairman*

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

**Senator Goldenberg** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, December 11, 1978, at 8 o'clock in the evening.

Before the question is put, I should like, as has become the practice, to make a brief statement about Senate business for the coming week. The plan is for the house to sit on Monday evening and on Tuesday evening, leaving all day Tuesday free for committees.

The Banking, Trade and Commerce Committee will continue with its examination of the subject matter of Bill C-15, Banks and Banking Law Revision Act, 1978, at 9.30 a.m. on Tuesday. Two Senate committees have also arranged meetings for Tuesday afternoon. The Special Committee of the Senate on Retirement Age Policies will sit at 2 p.m., and the Health, Welfare and Science Committee will hear witnesses with respect to the subject matter of Bill C-14, Unemployment Insurance, at 4 p.m.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. on the subject matter of Bill C-15; the Agriculture Committee will meet when the Senate rises; and the Health, Welfare and Science Committee will continue with its examination of the subject matter of Bill C-14 at 3 p.m. or when the Senate rises.

On Thursday the Special Senate Committee on Retirement Age Policies will meet at 9 a.m.; the Banking, Trade and Commerce Committee will meet on the subject matter of Bill C-15 at 9.30 a.m.; the Transport and Communications Committee will meet on Bill S-6, Shipping Conferences Exemption Act, 1979, at 10 a.m.; and the Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m. On Thursday afternoon at 4.00, or when the Senate rises, the Health, Welfare and Science Committee will meet again on the subject matter of Bill C-14.

● (1410)

In the Senate we shall deal with the amendments to Bill S-9, Bill C-10, and other items on the order paper. In addition, we shall have the supply bill covering supplementary estimates (A), which is to pass tonight in the other place. Also next week we can expect to receive Bill C-2, to amend the Health Resources Fund Act, and hopefully Bill C-14.

**Senator Bosa:** Honourable senators, I was under the impression that the Special Senate Committee on the Constitution was to meet on Tuesday morning. Senator Langlois did not mention that.

**Senator Langlois:** I have received no information to that effect. I am told it is very unlikely that this committee will be sitting on that day.

[The Hon. the Speaker.]

**Senator Flynn:** We could put the question to the chairman.

**Senator Lang:** We are now into the pre-Christmas rush and we have two weeks of sittings ahead of us. Is there any possibility that we could persuade the chairmen of committees not dealing specifically with legislation to hold off their sittings until after our adjournment? It is going to press us all very hard to deal with our legislative program, which must take first priority.

**Senator Stanbury:** Honourable senators, the decision had been made that the Special Senate Committee on the Constitution would not meet on Tuesday. However, because of recent developments, the steering committee felt that it should schedule a meeting, and therefore one has been called.

**Senator Flynn:** For what time?

**Senator Stanbury:** For 10.30 Tuesday morning.

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

Motion agreed to.

## NEWFOUNDLAND

SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, in recent days Senator Marshall, who is temporarily absent from his place here today, has been pressing the issue of the Labrador Linerboard Mill.

I can report that a formal proposal from the Province of Newfoundland dealing with the conversion and the reactivation of the Labrador Linerboard Mill of Stephenville, Newfoundland, was recently received by the Honourable Marcel Lessard, federal Minister of Regional and Economic Expansion.

Both Mr. Lessard and the Honourable W. Doody, Provincial Minister for Intergovernmental Affairs, discussed this subject on November 29, 1978.

The Newfoundland proposal, which seeks federal government assistance, is presently being assessed. It is hoped that a decision on this matter will be forthcoming in the near future.

## INCOME TAX ACT
## FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Rizzuto, for the second reading of the Bill C-10, intituled: "An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973".—(*Honourable Senator Marshall*).

**Senator Roblin:** Honourable senators, in the absence of my friend from Newfoundland, I wonder if I might be allowed to say a word on this matter.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Duff Roblin:** Honourable senators, I do not expect to detain you long this afternoon because I have no objection to the main thrust of this bill, which is to increase the amount of assistance the family allowance represents to lower income groups at the expense of others in the community. In fact, that is a principle in which I find myself in complete accord.

It might be of interest to comment on some of the interesting features in this bill that might escape notice because it is such a densely worded and technical document.

The first, of course, is that we are enshrining in this bill a variety of the negative income tax principle. As the bill indicates, some $200 per child will be available as a tax credit for those who pay taxes on an annual basis or, in the case of those who pay no income tax, the amount will be made over to them, which, in effect, is a form of negative income tax. It is worth noting that this is perhaps the first time—it is certainly the first time that I am aware of—that this principle has been included in any legislation in Canada. I think it highlights the fact that we need to know a lot more about the real impact and the real problems and advantages associated with negative income tax. Speaking for myself, at least, I feel I need to know a lot more about this, because it is likely we shall see more of this kind of legislation in the future, and it would be well to be informed. I hope that someone in the Senate will undertake to study this matter.

The second thing I call attention to is the fact that the bill provides for a lumping of income as between man and wife in deciding certain details that are called for under the bill. This is certainly an unusual feature in Canadian tax law, but perhaps not unique. Here, too, is another alteration in principle which perhaps deserves more attention than it gets in the brief summary that we have of this legislation.

An interesting fact is, of course, that as the bill stands it pays to be common-law, or it may pay to be common-law, because there is no provision whereby common-law spouses—if I can use that incorrect description—

**Senator Connolly (Ottawa West):** Consorts.

**Senator Roblin:** Consorts; a splendid word. Why didn't I think of that? There is no provision whereby common-law consorts can avoid the lumping together of their income in replying to the requests that the government makes to decide how much money they get. I don't know whether that is a form of violation of human rights, but it certainly makes for discrimination on the basis of marital status. That must be something that is causing some of our friends a little bit of a chuckle. I understand that the Human Rights Commissioner has taken up the matter. I am not sure whether he is serious or doing it in jest. However, it shows what happens when you get into tax laws of this kind.

Another result of this measure—and this is worthy of note—is that there will be a million and a half more people filling out forms. Senator Barrow, in moving second reading, expressed the matter very delicately, I thought, when he said that some one and a half million Canadian mothers will, for the first time, have some contact with the income tax system. When I first heard him I thought he was proposing that as an advantage of the bill, but upon further reflection I think possibly he was just advising us that the legion of form-fillers never ends; it continues to grow, and looks as though it will grow an awful lot more. Of course, there are certain costs connected with implementing that system, and they will probably amount to several hundred thousands of dollars.

The most significant feature to which I want to make a brief reference is that this bill represents a further retreat from the principle of universality in connection with social welfare measures. The family allowance system has up to now been universal in its character, although I have to admit that it has been modified by income tax to a considerable extent. In this bill we have a deliberate, well-considered move to modify, by the income tax system, the universal application of the family allowance program, and to move it closer to a needs related system and away from universal application. I must say that I applaud that idea. I think Senator Barrow expressed the matter very fairly and accurately when he said:

> The system now in place needs to be altered so that the level of benefits more accurately reflects the needs of children. This means that we have to change the current system so that families who need it get more assistance than those who do not. This, I think, is an eminently sensible goal.

I heartily agree with that sentiment. Senator Barrow went on to give expression to another important reality in dealing with matters of social welfare:

> However, we also face the reality that we are going through a difficult economic period. The government is seeking ways to cut overall government spending. Therefore, we do not have access to new resources with which to improve the current system. Instead, we must re-arrange the existing system so that it will be fairer and will better meet the needs of children. That is, we must do a better job with the resources already at our disposal.

● (1420)

Now, I commend that sentiment to the thoughtful consideration of this assembly, because it represents a distinct recognition of the need to make a move from the universal welfare system to a more needs related and specific welfare system. I think that has to be the shape of events to come.

Mind you, it is not much of a move, because further on in his statement my honourable friend Senator Barrow tells us that, taking the position in 1979, a two-child family domiciled in Ontario with a $5,000 annual income will in 1979 receive a total benefit of $880 from the child benefit system. A family similarly situated but with an income of $50,000 would receive $750. So on the one hand we have the family with $5,000 and less receiving $880 for two children, and on the other we have the family with $50,000 receiving $750 for the two children, a difference of only $130.

I should go on to say that in the case of the family with $50,000, there is a tax effect which I do not think has been worked into the figures I am quoting.

I want to express my opinion that the $50,000 family still gets too much, and the $5,000 family still gets too little. This illustrates in an exceedingly graphic and practical way one of the main shortcomings of the universal social welfare system with which this country has encumbered itself. We have to face the fact that the pool of public funds available to social welfare is limited. If we listen to the cries of the taxpayers across the country today, I think we can say that the prospect of any large amount of further transfer of payments of this nature on a universal basis is probably unlikely and that the amount available will certainly be limited. There is only so much available. There is only so much that society is willing to set apart to rectify the inequalities and the hardships of life as between those who are strong and able and those who require the help and support and the assistance of their neighbours and of their country.

It seems to me that if the sum is limited, it only makes the best of good sense to make sure that it gets to those who need it, and that is what the universal system, emphatically, never does. It does not see that the correct amount gets to those who need it. It does not see that the money goes where it will do the most good.

The sponsor of this bill, and the minister in committee, gave a nod in the direction of policy which I am indicating this afternoon. I thank them for it. My only regret is that I do not think they went far enough. I think they should go all the way. They should refrain from using the Income Tax Act for social welfare purposes. Its basic purpose is to raise revenue. The assistance that is so badly required by so many people of this country should be given by means of direct payments based on need.

We have a direct payments system in the family allowance plan right now. We have needs related systems in the guaranteed income supplement and others right now, some of which use the provincial distribution system to make sure they get it into the right hands.

But I come back to the main point. I say that a universal system will be too expensive, if we are to deal with the real needs of the people at the bottom end of the scale. I say that the money under the universal system does not go to those who need it. Furthermore, experience over the past years has indicated clearly enough that our efforts to redistribute income in this country have not been very successful.

There have been a number of studies that bear on this matter. While I would not care to subscribe to everything that is contained in the document I have in my hand, which is called, "In Search of Robin Hood," by W. Irwin Gillespie, nevertheless he says many things to which we should pay some heed.

I wish to read one paragraph from this document. I think it reinforces the point I am trying to make about the redistribution of income in this country.

[Senator Roblin.]

> The empirical evidence demonstrates that the federal government has not improved the economic position of the poor relative to the highest income families during the 1970s. The social legislation of the early seventies failed to improve the relative economic position of the poorest families.

There is more to the same effect, but I will not burden the house with further detail. All I am saying is that in this situation logic has been confirmed by experience. If our welfare policies consist in giving the same to everyone, and I admit that that is a general statement which must be modified because not every program does that, but if we say that our welfare system is to give the same to everyone, it follows quite logically, to my mind at any rate, that if your goal is redistribution of income relatively between the various income groups of society, you will not make much headway. That is precisely what appears to have happened in this country in the last 20 years in spite of all our efforts.

If the needy, the old aged, the deserted mothers, the children, the crippled, and those who have less than a decent standard of life, all of whom have a large and justified claim on the charitable instincts of society, are to get what they need to have the kind of life we would like them to have, I suggest to the Senate that it will never be done on the universal principle. It will only be done if we are willing to grasp this nettle of taking these cases on the basis of need and making sure, after we have determined what their needs and resources are, that we know the difference that should be made up.

If we follow a plan of this kind, our money will go much farther and will be spent to much better effect, and such a plan will be less of a burden on society at large. It will be a real benefit, a bigger and better benefit, to the people who need; the people who do not need—and there are some in this chamber today who are beneficiaries of the universal system—will just have to make the sacrifice to ensure that we abandon universality and approach need. If volunteers are required, I am willing to offer myself as a candidate. I must put my money where my mouth is, and I am ready to do that. I would not be surprised if a good many others in this chamber are prepared to make the same statement.

Honourable senators, I will detain you no further. I intend to support this bill. I hope it leads to a further adjustment away from the universal principle, and more to the basis of need. It moves in that direction now. I hope it is a signal of what we may expect in future legislation from this government or the next respecting social welfare programs in Canada.

**Hon. Daniel A. Lang:** Honourable senators, I am afraid I just cannot keep out of this debate. I had not intended to speak on second reading of this bill, but, in principle, I am in complete accord with the sentiments expressed by Senator Roblin. I wish to add just one other caveat. Using the Income Tax Act to redistribute the wealth of the country is, I think, a fundamental travesty. We have done this before. We attempted, in Bill C-58 of the first session of this Parliament, to use the Income Tax Act to serve cultural purposes. We have used it in other ways, but not to the extent that this bill uses it.

There are two basic reasons why I say it is inappropriate for this purposes. First, the Income Tax Act must remain an instrument of raising money for the exchequer. Second, if we introduce social policy in large measure, as this bill does, through the Income Tax Act, then those persons in our society who disagree with that policy become less honest in their self-assessment. I do not want to see a departure from the self-assessment form of taxation, but if we use the Income Tax Act as an instrument of social policy, we will weaken that principle of responsible self-assessment, which is fundamental to the income tax concept as a whole. Once we breach that confidence in the fairness and equity of the system, we break down our taxation base.

● (1430)

I can easily imagine that this same result could be accomplished through amendments to the Family Allowances Act. That would be the equitable and proper way to bring about this result. I agree with Senator Roblin. I think the principle of universality in this measure is ridiculous. The people who need the money must get the money, not those who do not need it.

This bill, in effect, is a charade. It does not really shift that amount of the national wealth to where it belongs. To try to do so through the Income Tax Act defeats the policy. To do the same thing through the Family Allowances Act would result in an honest piece of legislation, and no taxpayer would question the merits of the Income Tax Act in making his or her personal self assessment.

I am not going to vote against this bill but I am distressed to see how we are distorting certain fundamental concepts in our legislative process. It can be argued, of course, that the Income Tax Act is a convenient method of bringing about the policy objectives. That, to me, does not make any sense. Computer information can be transferred from the Department of National Revenue to the Department of National Health and Welfare in 30 seconds. There is no reason why the same result could not be brought about under the Family Allowances Act. Were it done through that statute, the policy would stand on its own. The public would then know what the objectives are and the amount of money being spent for that purpose.

Let us use the Income Tax Act for raising the necessary revenues of the country, but please let us not use it for policy objectives under the smokescreen of its being a more convenient vehicle. In my opinion, that simply does not make sense.

**Hon. A. Irvine Barrow:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, I wish to inform the Senate that if Senator Barrow speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Barrow:** Honourable senators, I want, first of all, to thank Senator Bird, Senator Croll, Senator Roblin and Senator Lang for taking part in this debate. In particular, I want to refer to the fact that I omitted from my speech on Thursday last a reference to the report of the Special Senate Committee on Poverty in Canada. The chairman of that committee, Senator Croll, was very tactful in the manner in which he nearly, but not quite, absolved me of any blame for that error, and I thank him for that. I know the Minister of National Health and Welfare gives full credit to that committee and its excellent report in the formulation of the policy behind Bill C-10.

There have been some questions raised through the course of the debate concerning the bill. All of those who participated in the debate referred to the use of the Income Tax Act and the negative income tax method to achieve the policy objective of the bill. While I do not wish to enter into a debate on this, I understand that the method used is a combination of the universality and selectivity method of delivering financial assistance to mothers of children—and I use that term loosely as in some cases it may be fathers or other custodians of children. The Income Tax Act was considered to be the least costly method by which to implement this policy objective.

A task force was set up in 1976 to study the possibility of integrating social programs with the personal income tax system. That task force reported in 1977, and on August 24 of this year the Minister of Finance announced the government's intention to introduce changes in the overall tax benefits program. Bill C-10 is the result. I believe all honourable senators received a copy of that report.

It has been alleged that by requiring the reporting of the total income of both spouses there is discrimination against married couples because of the fact that people living common-law are not required to report both incomes. There is no question but that there is discrimination, if it can be called that. However, in contrast, there are certain benefits under the Income Tax Act to which those living common-law are not entitled. In any case, assurances have been given by the minister that the situation will be studied. Perhaps a method may be found to correct the imbalance if it is found to be of significant proportion.

It has been mentioned that at the present time only six of the provincial governments have agreed to go along with the federal government. The minister assures me that active discussions have been taking place, and she is hopeful that all provincial governments will see the justification of the position taken by the federal government.

Senator Croll raised the point that there is nothing in Bill C-10 for those in the 60 to 65 age group. That is so. This bill deals with children's allowances. The situation of those in the 55 to 65 age group is of concern to the government, and I understand it is something which is being given careful consideration.

Honourable senators, I have attempted to give as clear an explanation as possible of the thrust of this bill, and I hope it will receive your favourable consideration.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Barrow** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

## INTER-PARLIAMENTARY UNION

SIXTY-FIFTH ANNUAL CONFERENCE, BONN, WEST GERMANY—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Sixty-fifth Annual Conference of the Inter-Parliamentary Union held at Bonn, West Germany, 5th to 13th September, 1978, and in particular to the discussions and proceedings of the Conference and the participation therein of the deleglation from Canada.—(*Honourable Senator Bosa*).

**Senator Bosa:** Honourable senators, I wish to yield to Senator Neiman.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Joan Neiman:** Honourable senators, Senator Bosa has been kind enough to adjourn this debate on my behalf these past few weeks in the hope that my voice would recover to the extent that I could say a few words to you with respect to the Inter-Parliamentary Union. While I was not at the meeting held in Bonn this past fall, I had prepared some notes following the meeting I attended in Lisbon, Portugal, in the spring, and I would like at this time to expand upon a few remarks which Senator Molgat made with respect to the work of the Inter-Parliamentary Union.

I do not know what the experience of other honourable senators has been, but when I first came here I received letters from the various parliamentary groups and associations urging me to join. I faithfully sent in my $5 fee to a variety of associations, the activities of most of which I have never had an opportunity to take part in or, indeed, wanted to take part in for one reason or another. But I have enjoyed very much the work of the Inter-Parliamentary Union, and I have tried to concentrate my efforts with that association alone.

● (1440)

It will not hurt those of you who have not taken part in the conferences of the Inter-Parliamentary Union, and who have interests elsewhere, if I remind you that this is a venerable and distinguished international parliamentary institution, which was founded in 1889 through the efforts of an English member of Parliament and French député, who envisaged a forum where members of democratically elected parliaments could meet and exchange ideas, regardless of their individual political beliefs, at a personal rather than a formal government level. They hoped to promote understanding, arouse concern and encourage mutual action on worldwide problems. Although the early conferences must have been carried out in that spirit, changes in practice, if not in the original idealistic concept, have inevitably occurred.

Since World War II, in particular, new nations have literally proliferated, and most of them have been admitted to the Union on the basis that their constitutions were founded and their governments organized on democratic principles. The concepts of some of those countries, however, of what constitutes democratic parliamentary government are not necessarily the same as ours, or even the same as one another.

The various international alliances or alignments are another complicating factor. The forces of national ideologies and loyalties have tended to push the Union from its original path, so that today its delegates too often debate and vote in seemingly pre-ordained and pre-arranged national or international blocs rather than as individual parliamentarians.

I recall my feelings of frustration and discouragement as I listened to rancorous debates during my first session at the fall conference of the Inter-Parliamentary Union in London in 1975. Like Senator Molgat, I questioned the direction it was taking, and even whether it wanted to act with any concerted purpose. It seemed to me at that time that the Union was no more than a microcosm of the United Nations during some of its more unproductive moments. After having attended a few more conferences, however, I have been encouraged to observe that certain of the alliances which I had at first thought were firmly fixed were, in fact, not necessarily so. Moreover, member nations and even individuals could be persuaded to act independently when won over by arguments which appealed to their national interest or their own personal convictions.

Again like Senator Molgat, I would like the Inter-Parliamentary Union to be something more than a debating society whose principal objective is simply to pass resolutions approving or condemning the acts of certain governments, or urging governments to take certain action, or even to desist from taking certain action. That can become a very sterile exercise. My feeling is that the Inter-Parliamentary Union can do much better than simply be a purveyor of pious exhortations to member governments. We can and should do something ourselves within the Union to help realize the goals we support and on which we want action.

The other day, Senator Molgat gave us a couple of examples of areas in which the Inter-Parliamentary Union has taken and continues to take effective action. An example of which I have some personal knowledge—and for the implementation of which Canada can take a modest amount of credit—is the procedure which has been set up for examining possible violations of human rights against parliamentarians in various countries around the world, whether or not their governments are members of the Inter-Parliamentary Union. I should like to take a few moments just to tell you a bit about that particular procedure.

As a topic for debate in the Inter-Parliamentary Union, the subject of the torture of human beings was apparently first raised at the sixty-first conference which was held in Tokyo in 1974. During the course of debate there, and at subsequent

conferences, the subject matter evolved to the question of violation of the rights of human beings, but there was no consensus whatsoever as to what should be done about it, or indeed if the Inter-Parliamentary Union should concern itself with matters which many countries argued were of internal concern.

I listened to the subject being debated at the first conference which I attended in London, in the fall of 1975, where I heard vigorous opposition to the proposal that it be placed on the agenda. Certain member nations, who undoubtedly had their own reasons for being sensitive to the probability of having more international spotlights turned on what they considered to be their internal activities, opposed the proposal on the grounds that there were already several international agencies dealing with the question, and that anything the Union could do would simply be a duplication of their efforts and would, therefore, be an unnecesary waste of its time and money. Other member nations were anxious that the subject be debated and that the Union take some positive action to deal with the problem.

At the spring meeting in Mexico City in 1976, the Canadian delegation revised the draft resolution so as to direct the Union to confine its efforts in connection with violations of human rights solely to those alleged against parliamentarians, and to set up a small committee to inquire into such allegations. As you would expect, there was vigorous debate in plenary session on the draft resolution, but we managed to have it passed with a very comfortable and comforting majority. I can remember one of the delegates from an Asian nation which supported us telling me later how glad he was that we had won, and then adding that the question might never be of personal importance to Canadians in their own country but could very well be to his fellow countrymen in the future.

That resolution was then approved by the full session of the Inter-Parliamentary Union at its fall conference in Madrid, as a result of which a special committee consisting of representatives from five member nations was set up to implement procedures which had been prescribed by the Union in order to examine possible violations of human rights against parliamentarians. That committee was set up in January 1977, and it has been meeting periodically in Geneva with the Secretary General of the Union, who handles the correspondence and investigations on its behalf. The committee reports on the results of its efforts to each session of the Inter-Parliamentary Union. As Senator Molgat has told you, we believe that its efforts have achieved some successes.

The Canadian group intends to co-operate fully with the special committee in trying to obtain the release of parliamentarians in all parts of the world who appear to have been wrongfully imprisoned, without due process of law, or who otherwise have had their human rights violated.

In addition, we have instituted another procedure in Canada. The Minister of State for External Affairs, the Honourable Don Jamieson, gave us permission to meet with officials of his department in order to work out a procedure whereby we could obtain information and generally assist one another in this matter. I had a meeting with Mr. Geoffrey Pearson, Director-General of the Bureau of United Nations Affairs in the department, last spring, and with him and other members of his bureau set up a system through which we felt we could work together. Mr. Pearson, in a subsequent letter to us, suggested various ways in which his bureau could co-operate with us as a Canadian delegation, or as individuals, in trying to help people who, we had heard, were wrongfully imprisoned. That procedure, of course, is necessarily slow and careful, but his bureau has worked it out in such a way that we feel it has had some beneficial effect.

Inevitably, various diplomatic barricades have been encountered, and we have to work slowly at it. Nevertheless, we do know that the constant pressure of international opinion and inquiry is having its effect. At the Lisbon meeting, the special committee reported the release of a former senator of Argentina about whom it had been making inquiries. Of course, it was not just the efforts of that committee but of other bodies such as Amnesty International which finally induced the Government of Argentina to release the senator. Still, Canadian parliamentarians can take some satisfaction that an intervention on their behalf may have played some part in obtaining the freedom of one of their colleagues who had been unjustly treated and imprisoned.

• (1450)

The Inter-Parliamentary Union has the opportunity to initiate and take action in many fields, and to give assistance not only to individuals but to nations. For that reason we should continue to support it. But such support, in my view, should not simply be a passive acceptance of what may be outdated procedures which are unwieldy and difficult to fashion into effective instruments of action.

The Canadian government, like every other member nation, has an obligation to ensure that its representatives at a conference are fully aware of the challenges as well as the opportunities the Inter-Parliamentary Union offers to them. Some of us may feel that our contribution can be only relatively small and unimportant, but I do believe it is a privilege to be allowed to make it, and that we are obliged to make it as meaningful and as effective as possible.

**The Hon. the Speaker:** As no other senator wishes to participate this inquiry is considered as having been debated.

The Senate adjourned until Monday, December 11, at 8 p.m.

# THE SENATE

**Monday, December 11, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## UNITED NATIONS

### THIRTIETH ANNIVERSARY OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

**Senator Perrault:** Honourable senators will be aware that yesterday marked the thirtieth anniversary of the Universal Declaration of Human Rights, for it was on December 10, 1948, that the United Nations General Assembly, meeting in San Francisco, made this meritorious proclamation.

Considering the diversity of the international communities involved, it was an exceptional example of productive co-operation. We as Canadians can look back with pride that one of the people responsible for the publication of the declaration was a Canadian, Dr. John P. Humphrey. At that time he was Director of the United Nations Human Rights Division. He oversaw the drafting of the declaration. It is only right that today, more than 30 years later, he spoke on behalf of Canada at a special commemorative meeting of the United Nations General Assembly in New York.

The principles of the Universal Declaration of Human Rights have been defined in more than 20 international agreements. The principles contained in those agreements promised people throughout the world freedom and dignity. Unhappily, the noble words in the declaration have not been acted upon.

In many instances, certain members of the United Nations have been hypocritical—and it is the only word to employ. The Honourable Secretary of State for External Affairs was blunt on this subject when he addressed a Conference on International Human Rights in October.

Then he said, "Over the past decade, the United Nations performance in dealing with gross abuses of human rights has been dismal. There has been a lack of common will to take action in many serious situations. A double standard has been in operation. Action has been taken in only a few situations, where the United Nations majority considered that the political situation as well as the human rights situation warranted action." But, in the same speech, Mr. Jamieson said there have been signs in the past year that the United Nations majority may be coming to accept that it is important to take action in situations of gross and persistent violence to individual groups.

This is encouraging, honourable senators, particularly in a world where Amnesty International places some 60 countries on its list of nations practising torture. Freedom House has another 100 on its list of societies, which judged from the western democratic point of view are not free.

The thirtieth anniversary of the Universal Declaration of Human Rights is an opportunity for all Canadians to renew our commitment to the ideals expressed in the declaration.

We as a nation can take pride in the fact that since World War II Canada has resettled more than 350,000 people who had been persecuted and displaced from their own lands. It was only recently that the Canadian decision to offer a home to the refugees from Vietnam met with the approval of all of Canada's political parties and the people they represent.

In Canada it is a positive step that we now have a Human Rights Commission under the chairmanship of that respected former parliamentarian, Gordon Fairweather.

So, fellow senators, let us praise those international statesmen of 30 years ago who drew up the Universal Declaration of Human Rights, and let us ensure that we remain committed to the principles it contains.

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

[*Translation*]

**Senator Flynn:** Honourable senators, generally speaking I endorse what the Leader of the Government has just said.

The Declaration of Human Rights was proclaimed thirty years ago. We can ask ourselves whether it is a celebration or not. I think the answer should be yes and no.

Yes, because some progress was made in many countries, including Canada. The Leader of the Government emphasized what has been made in Canada in general. We passed the Bill of Rights in 1961. On the provincial level, human rights charters were passed by almost all legislatures in their area of jurisdiction. There is now talk of enshrining a human rights charter in the Canadian Constitution. Canada has done much to help those who are persecuted elsewhere, whose rights are being denied. Granted, but it must also be said that discrimination still exists. The Human Rights Commissions, both federal and provincial alike, could prove that there is still considerable discrimination.

Yes on the one hand, but no on the other, because in many regards not only has progress been slow but we have also had our set-backs. It is strange to think that, while we are commemorating—I am not saying celebrating but commemorating—the 30th anniversary of that declaration, in some countries the situation is worse than it was 30 years ago.

As the Leader of the Government pointed out, imprisonment and torture, for political reasons, still exist today. Moreover, many countries which endorsed the declaration have made a mockery of it in fact.

But we must not despair, though man still seems to act like a wolf towards his fellow man. Truly, it is strange that there is

still, in our nature, that tendency towards brutality and lack of respect for others. It stems perchance from the original sin. In any event, be that as it may, while recognizing the progress we have witnessed in the last 30 years, which was a step forward, let us not be blind to the fact that in many other countries ground has been lost. There is still much to be done and, even here, we must resolve anew to respect not only the letter but also the spirit of that declaration.

• (2010)

[*English*]

## APPROPRIATION BILL NO. 3, 1978-79

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-25, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1979.

Bill read first time.

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

**Senator Perrault:** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of a document outlining the purpose and terms of reference of the Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty, issued by the Department of Communications.

Report by the Tariff Board respecting Edible Oil Products, Reference No. 154 (English and French texts), together with a copy of the transcript of evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter T-1, R.S.C., 1970.

Copies of correspondence, dated December 7, 1978, between the Minister of Energy, Mines and Resources and the Minister of Energy and Natural Resources of Alberta, concerning the pricing of Alberta crude oil.

Copies of report of the Administrator under the Anti-Inflation Act, dated December 7, 1978, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on Andrew Paving and Engineering Ltd., Thornhill, Ontario.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, December 12, 1978, at 8 o'clock in the evening.

Motion agreed to.

## THE CONSTITUTION

RECONSTITUTION OF SPECIAL JOINT COMMITTEE—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 7 the Honourable Senator Asselin asked this question:

> Is the government interested in reconstituting the Special Joint Committee on the Constitution?

Honourable senators, on November 2, the Right Honourable the Prime Minister stated in the other place that he would consider the immediate reconstitution of the Joint Parliamentary Committee on the Constitution. However, no decision on the matter has yet been made. It may also be noted that on November 3 the Prime Minister stated that he was in favour of holding a debate in the other place on the subject of constitutional reform, the suggestion being that perhaps this may be a prelude to reconstitution of the committee.

## ADMINISTRATION OF JUSTICE

McDONALD ROYAL COMMISSION—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 7 the Honourable Senator Smith (Colchester) asked a question related to "that ongoing enterprise frequently referred to as the 'McDonald Inquiry' ". He said he had been informed that:

> . . . there is constantly appearing before the commission individual solicitors for two former ministers of the Crown whose conduct is apparently the subject of some inquiry.

In accordance with normal practice in similar matters, ministers or former ministers who may be the object of allegations before the McDonald Commission, or who may be called to testify before the commission in relation to matters pertaining to acts performed in their capacity as ministers, are represented by counsel retained and paid on their behalf by the government.

• (2015)

The same policy applies to other officials or former officials of the government and to members or former members of the RCMP.

Where, by reason of a public inquiry, the conduct of an official or a minister becomes the subject of scrutiny, it would be unfair to require such official or minister to provide for legal representation at his own expense. In fact, the question of the payment of fees to legal counsel representing witnesses or other persons before public inquiries has often been raised.

In England, the Royal Commission on Tribunals of Inquiry, presided over by the Right Honourable Lord Justice Salmon, published its report in 1966. In that report the question of payment of legal fees to persons legally represented before a commission of inquiry was raised, and the suggestion was made that the commission of inquiry be given the powers to

pay, out of public funds, legal fees of persons appearing before the commission. The Laycraft inquiry in Alberta provided for payment of legal fees for persons appearing before the commission.

The course followed in this respect for the McDonald Commission is, therefore, not an unusual one and one which is dictated by rules of fairness.

## PUBLIC WORKS AND URBAN AFFAIRS

RESPONSIBILITY FOR HOUSING—QUESTION ANSWERED

**Senator Perrault:** On November 28, Honourable Senator Marshall asked a question about the Ministry of Public Works. He asked who shall assume the responsibility for ensuring "that housing, repairs to housing and policies in housing are directed to the benefit of the people of Canada"?

I should like to inform honourable senators that Central Mortgage and Housing Corporation reports to a minister of the Crown designated by the Governor in Council. This was the situation before the Ministry of State for Urban Affairs was established, when CMHC reported, in turn, to the Minister of National Revenue, the Minister of Public Works, the Postmaster General, and the Minister of Transport, among others.

The decision to abolish the Ministry of State for Urban Affairs, at the end of March 1979, is a decisive gesture on the part of the federal government that clearly indicates that the government is ready to act in revisions of responsibility between the various levels of government. It is also a demonstration of the federal government's moving to reduce the duplication of effort in the field of municipal affairs and in the field of housing in general. The government has agreed to disentangle itself from project approval and the detailed review and monitoring of such NHA programs as neighbourhood improvement, municipal infrastructure and public housing where the provinces and municipalities should have the active role.

Mr. Hession continues as President of CMHC, appointed by order in council, and is the chief operating officer of the day-to-day operations of the corporation. Mr. William Teron is a member of the board of directors of CMHC, under a term appointment, and has been selected to be the chairman of that board. He will continue to serve as policy adviser on housing to the Government of Canada through the responsible minister.

## FOREIGN AFFAIRS

SAFETY OF CANADIAN CITIZENS IN IRAN—QUESTION

**Senator Bosa:** I have a question for the Leader of the Government. In view of the deteriorating political situation in Iran, and in view of the fact that it was reported in the press last Saturday that a substantial number of American citizens have been repatriated, what are the intentions of this government concerning Canadian citizens residing in that country.

**Senator Perrault:** As of 8 o'clock this evening there had been no further word from the Department of External Affairs with respect to the situation in Iran. However, honourable senators are aware of the fact that Canadian aircraft have been on stand-by to evacuate Canadians should any danger to their welfare come to exist.

## THE SENATE

INFORMATIONAL PUBLICATIONS—QUESTION

**Senator Bosa:** I would ask the Leader of the Government when we can look forward to an up-dating of the seating plan of the Senate chamber and the publication of same.

**Senator Perrault:** I agree with honourable senators who are critical of the literature currently distributed to those who visit the Senate chamber. It is clearly inadequate and does not meet the current needs of the Senate.

A number of new proposals have been considered. A certain amount of visual material has been prepared. I hope that over the next few months it may be possible for the Senate to consider a new publication describing more adequately the operations of this chamber. This is a matter that I would be pleased to discuss with the Leader of the Opposition and other senators. Certainly, the communication program of the Senate should be enhanced and extended. It is obvious that there are many Canadians who do not understand the activities undertaken in this chamber, and certainly there is need for a substantial revision of the material provided to visitors entering the Senate gallery.

• (2020)

**Senator Riley:** May I ask a supplementary question. Is the leader referring now to an upgrading or updating of the seating arrangement, or is he referring to the publication of another pamphlet, which I understand was discussed more than a year ago, setting out the history of the Senate, the reason for its existence, its functions and duties?

**Senator Perrault:** Honourables senators, I express a personal view when I say the present pamphlet being distributed to visitors entering the Senate gallery should be replaced as soon as possible. The present pamphlet does not properly convey to the citizens of Canada the activities of this chamber. The rough draft of a proposed new pamphlet portrays more fully the work and function of the Senate, and it also provides more pictorial material.

**Senator Riley:** I have a further supplementary question. A publication that is on sale in the tourist information booth near the Hall of Honour is directed to the function of Parliament as a whole, but it makes only a brief reference to the Senate. I understood that a similar publication about the Senate was going to be made available to the public either by sale or free distribution. Is this what the leader has in mind?

**Senator Perrault:** Honourable senators, the type of publication program that is supported by many senators would involve two basic items. First, a small booklet that would be distributed to those visiting the Senate. This would replace the pamphlet Senator Bosa held aloft this evening. Secondly, there would be a counterpart of the publication of the other place

which is sold to visitors. In the best interest of the Senate, I would suggest that both these documents are required. In this regard, certain discussions have been held with respect to the cost of such a project.

The Senate is mindful of the necessity to budget prudently at this particular time when all government departments and activities pertaining to government are under scrutiny, and properly so. However, there is no question about the need for both types of separate publications.

• (2025)

**Senator Riley:** Assuming that such a publication was sold to the public, as is the case with the publication relating mainly to the other place, would not a great deal of the cost be recovered?

**Senator Flynn:** Oh, oh!

**Senator Riley:** Is that for my benefit, senator?

**Senator Flynn:** I am just wondering whether it would be in as much demand as you might wish.

**Senator Riley:** I understand that the publication dealing with the other place enjoys wide circulation. Besides, your picture would be more widely circulated, as would those of some of your colleagues on that side.

**Senator Perrault:** The proposal would be to recover a substantial amount of the production costs, and hopefully to show a profit. However, such a proposition would be subject to the vagaries of free enterprise and the law of supply and demand. I can tell honourable senators that the photographs have been taken for such a publication, and in their excellence they are unrivalled in Parliament.

## THE LATE GOLDA MEIR

### CANADA'S REPRESENTATIVES AT FUNERAL OF FORMER PRIME MINISTER OF ISRAEL—QUESTION

**Senator Bosa:** Honourable senators, could the Leader of the Government inform the Senate who will officially represent Canada at the funeral of the former Prime Minister of Israel, Golda Meir?

**Senator Perrault:** Honourable senators, the Canadian delegation is being headed by the Honourable Barnett Danson, Minister of National Defence. I do not have a complete list at my desk of who else will be in the official party.

## FUGITIVE OFFENDERS BILL

### REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-9, respecting fugitive offenders in Canada, which was presented Thursday, December 7.

**Senator McIlraith** moved the adoption of the report.

Motion agreed to and report adopted.

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

**Senator Flynn:** Next sitting.

**Senator McIlraith:** Honourable senators, I am quite agreeable to having this bill placed on the Orders of the Day for third reading at the next sitting if the Leader of the Opposition feels there is someone on that side of the house who may wish to debate it; otherwise, I would move third reading now.

**Senator Flynn:** If the honourable senator thinks there is any advantage in having third reading this evening, I have no objection.

**Senator McIlraith:** There is no advantage; there is no urgency. I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

### SECOND READING

The Senate resumed from Wednesday, December 6, the debate on the motion of Senator Molgat for the second reading of Bill S-10, to facilitate conversion to the metric system of measurement.

**Hon. Edgar Fournier:** Honourable senators, it gives me great pleasure once again to make a humble contribution to the debates of this house, and on this occasion to voice my support for Bill S-10, to facilitate conversion to the metric system of measurement.

The conversion to the metric system of measurement is, in my view, long overdue. Notwithstanding that, it is not widely welcomed in our society. My few remarks this evening may not have the flavour of poetry, but they are based upon my own personal experience.

[*Translation*]

The conversion across the board to a new system of measurements, with the vagaries of the thing if I may say so, is not something we can do overnight. We have been living all our lives with a system learned in grade school and which met our needs without too many complications.

To most of us, the old conventional system, the imperial one, will still be with us for 20 years at least. We must first go through a period of change. Only the new generation will say goodbye to a system that served us so well in our lifetime.

• (2030)

[*English*]

There is no doubt in my mind that Bill S-10 covers just a few of the items required for a complete conversion to the metric system. It is only a start. The federal commission in charge of conversion, under the chairmanship of Mr. D. R. B. McArthur, has made remarkable progress, but according to the commission's own admission it will take several years before we can feel the effect of the transformation on the

economy of the country. After several hearings across the country with various organizations, the commission came to the conclusion that the most urgent need for total conversion is in the industrial sector. An international organization known as La Conférence Générale des Poids et Mesures, with its head office in Sèvre, France, has in several instances drawn attention to the need for a unified system of measurement throughout the world. Canada is still on the conventional system, although most imported goods such as automobiles, airplanes, farm machinery and many others, have pushed Canada towards the adoption of the metric system, willing or not.

Honourable senators, let me come to the point. Why do I recommend the metric system? This is based on my own personal experience. At the outbreak of the Second World War, Canada overnight became one of the leading arsenals supplying our troops overseas with most of their requirements. Thousands of shops, large and small, were opened to process and manufacture war equipment and supplies such as vehicles, airplanes, ships, tanks, and ammunition of all kinds. Let me tell you, honourable senators, that the first year was a complete disaster. Most of the shops were building huge scrap piles and even the large shops were not excluded from the quality control inspections which showed in several instances that the inspectors themselves failed their own tests.

Early in 1940, the Department of National Defence and Supply called upon the Vocational Branch of the Department of Education of each province to see what could be done to improve production by a vast program of training, with the result that in less than six months 82 training schools, new and old, were in operation across Canada. New courses were being planned, and the regular two-year or three-year course had to be condensed to three to four months, teaching only the requirements for the specific job. That was a completely new ballgame in the field of vocational training, and it gave rise to many problems including that of personnel and instructors. A new syllabus had to be drafted to meet requirements, because the training of instructors was a major problem.

Being the director of the Edmundston Vocational School at the time, which was transformed early in 1940 to the Edmundston Aircraft School, I was selected, with one of my colleagues from Moncton, to play a major role in the organization. First we had to verify these huge scrap piles, and then visit the industries to discuss their problems, their needs and their requirements. True enough, the industries were in great trouble and scrap piles were building up.

● (2035)

Because the school doors were open to everyone regardless of ability, education or sex, the armed forces had the first selection and we were left with the medical rejects and the students who, in normal times, would not qualify. Nevertheless, it was left up to us to qualify them and to train each one of them for certain responsible duties.

We knew from previous experience that our trainees were comprised of two categories of boys: country boys and city boys. This is not to overlook the women, about whom I will say something later. The city boys came from larger centres where they previously had access to vocational facilities, and as a result they were more knowledgeable but they were less aggressive. On the other hand, the country boys, or the farmers, were in a class of their own. Most of them could build their own houses, for example. They would dig the foundations with picks and shovels and then pour the cement. Then they would build the frame, put on the roof, do the finishing work and the painting, install the plumbing and, in many cases, the wiring. They were jacks of all trades, masters of none; they were the "chips off the old block", who built Canada before the invasion of restrictions and regulations. Those boys could do almost anything, but they could do nothing with real precision, because the dimensions they knew and used were the mile, the yard, the foot, the inch, the eighth of an inch and sometimes the sixteenth of an inch. That was about the extent of their knowledge of dimensions.

Using that meagre knowledge, they could, if they had the two parts in their hands, produce two pieces that would fit together; but if one piece was produced in one place and the second piece was produced elsewhere, there was no way they could make the two pieces fit together as matching pieces.

The point is that the defence program was designed to use all of the available space in Canada for production output, with the assembly plants being located in the larger centres. Perhaps most affected by this system design was the aircraft industry. Just assume, by way of example, that for a particular aircraft there were four parts that had to fit together perfectly, and that part one was made in Halifax, part two was made in Vancouver, part three in Edmundston and part four in Winnipeg. Each of these parts would have to match all of the others; that is, they would have to fit together perfectly. The whole thing was to be assembled in Toronto. Well, that was just impossible. If one tiny hole were drilled in the wrong place, that would ruin everything and the whole thing would go to the scrap pile.

Another problem that led to the making of costly mistakes was that the specifications and drawings were, for the most part, produced in England, with the calculations being done in the metrical system; when these drawings and specifications were brought to Canada they had to be converted to our own conventional measurements, thus opening the door to many a costly error. In this respect the main problem was that we Canadians were jacks of all trades, who did not know how to make exact measurements, who were unskilled in reading blueprints, and who lacked knowledge in the use of the metric system.

By and large Canadians did not know how to use precision instruments. Indeed, they were unknown to us. Surface plates, V-blocks, dial gauges, depth gauges, drill gauges, micrometers, vernier scales, and the dozens of others with their tolerance limits of minuses and pluses—these comprised a complete area in which we found most of our problems, and it was in this area that the schools had to concentrate their efforts.

● (2040)

The easiest groups to train were the women, and those who had no knowledge at all of precision tools, because they would

listen to instructions. Women welders specialized in precision filing. The most difficult people were the boys and men with limited knowledge, and here I think of a garage mechanic who did not believe in a fine fit with a minute tolerance and who would not recognize the difference between standard threads and metric threads. Women quickly qualified for special jobs, such as precision filing, welding, woodwork on aircraft and, fabric patching. Women had the patience to do things regardless of time, and they did them properly. On the other hand, men would do the same piece of work in no time at all, but nothing would fit and the work would often be thrown on the scrap heap.

First, 80 per cent of world trade uses the metric system. Many Canadian companies are already deeply involved with metric measurement, particularly those that export to Europe, South America and the emerging nations of Asia and Africa. More than 50 per cent of Canadian manufactured goods are exported to metric countries. The need for Canada to adopt what is almost a universal system of measurement has become urgent if we are to maintain our position as one of the major trading nations of the world. Canada must be prepared to supply its goods in the way that importing countries desire, and that is by making use of the metric system of measurement.

Secondly, over 95 per cent of the world's population is converting to the metric system. Countries such as India, China and Japan have adopted the metric system in recent years, while Australia, New Zealand, Ceylon, Ireland and Great Britain are well advanced toward complete metric conversion. A commitment is expected shortly from the United States that it will go metric. In July 1971, a comprehensive report was sent to Congress strongly recommending that the United States government adopt the metric system of measurement. Almost all American multinational corporations in the United States are committed to converting as early as 1974.

Thirdly, the change to the metric system in commerce, industry and science appears inevitable because the world is rapidly becoming a close-knit society and Canada cannot afford to remain in isolation. Canada really has no other choice but to go metric. Industry will benefit from improved trading abilities and opportunities in world markets. The major Commonwealth countries, key outlets for Canadian manufactured goods, are all going metric. A survey conducted by the Canadian Standards Association revealed that more than 95 per cent of Canadians polled could see an advantage in switching to the metric system; and, honourable senators, so do I.

**Senator Riley:** I wonder if the Honourable Senator Fournier would permit a question at this time? In view of the fact that he has always been interested in highway safety and, for some considerable time, has conducted a television program on highway safety in New Brunswick, I am wondering what his opinion is regarding highway signs which designate the speed limit on the highways in kilometres only. I understand that when conversion took place in Great Britain, the highway signs, for a time, displayed the speed limit in both kilometres and miles per hour.

Does the honourable senator consider it wise, in view of the fact that many people are unfamiliar with the metric system, to have the speed limits indicated on our highway signs in both kilometres and miles per hour?

**Senator Fournier (Madawaska-Restigouche):** Honourable senators, the New Brunswick Highway Safety League has received a number of complaints regarding the point raised by the honourable senator. Most of those complaints have come from Americans. The Americans still use the miles-per-hour designation on their highway signs, and when they see one of our highway signs bearing the number "90", for instance, they tend to think it means the speed limit is 90 miles per hour when, in actual fact, it is approximately 50 miles per hour. That has been the main problem. The Highway Safety Council of New Brunswick undertook a study in conjunction with the safety leagues in other provinces, and reached the conclusion that we had nothing to gain in view of the fact that the Americans are gradually converting to the metric system. I believe they will make the conversion in the near future, and, in the course of time, the problem will take care of itself. The Highway Safety League was somewhat upset at first because the highway patrols were quite severe, and were constantly handing out tickets to the Americans. It was also discovered that those Americans living along the border took advantage of the situation by speeding and then saying, as an excuse, "I didn't know."

I do not know where we go from there but, in view of the fact that the Americans have been making a tremendous effort this year, I feel sure that the problem will resolve itself in time.

**Senator Riley:** Honourable senators, I meant only that speed limit designations might possibly be in both miles and kilometres per hour used during the transitional period. Not only are the Americans concerned, but so also are many Canadians who live in rural areas. They do not receive the same amount of information that is given to school children or is acquired by those members of the public who have access to the more prominent daily newspapers. Also, many middle-aged people feel somewhat confused about the situation. Would it not be advantageous, during the transitional period, to have the speed limit designated in both kilometres and miles per hour, not only for the benefit of Americans but also of Canadians?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

● (2050)

**Senator Petten** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

## APPROPRIATION BILL NO. 3, 1978-79

SECOND READING—DEBATE ADJOURNED

**Senator Langlois** moved the second reading of Bill C-25, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979.

He said: Honourable senators, the bill introduced today provides full supply for Supplementary Estimates (A) for 1978-79. These estimates were tabled in the Senate on November 9, and immediately referred to the Standing Senate Committee on National Finance. They were discussed in committee on November 14 and 16 with the President of the Treasury Board and his officials. These supplementaries total $1,060 million. The total of the gross estimates to date is $49,792 million.

A major portion of these supplementary estimates, $610 million, represents revised forecasts of statutory payments including: $400 million for the additional costs of servicing the public debt; $262 million for payments to the provinces, including $109 million for contributions in respect of previous fiscal years under the Hospital Insurance and Diagnostic Services Act; $129 million for increased payments in respect of hospital insurance, Medicare and post-secondary education under established programs financing; $23 million in respect of the sales tax arrangements concluded earlier this year; and $368 million reduction in advances to Central Mortgage and Housing Corporation under the National Housing Act.

The balance of these estimates, $450 million, are to be voted by Parliament. The major items to be voted are: $81 million to meet increased oil import compensation payments resulting from the federal government's announced intention to delay the scheduled January 1, 1979, increase in domestic oil prices and the devaluation of the Canadian dollar; $50 million for the final stages of the $150 million federal labour intensive projects program, which was extended from October 1977 to September 30, 1978; $43 million to Central Mortgage and Housing Corporation as the net reimbursement for discounts and administrative costs incurred in respect of the sale of NHA mortgages as required under section 24(b) of the Central Mortgage and Housing Corporation Act; and $18 million for payments to Interprovincial Pipe Line Limited in respect of crude oil shipped from Sarnia through the Montreal extension of the Interprovincial Pipe Line system, as part of the government policy to increase national self-sufficiency in energy.

In addition, these estimates provide for the expansion in 1978-79, of the job experience and training program as announced in the context of employment stimulation measures for which funds were reallocated in September.

While the total gross estimates to date from the 1978-79 fiscal year is $49,792 million, I am assured by the President of the Treasury Board that after allowing for loan repayments and normal and directed lapses of authorized funding, and barring some major unforeseen new expenditure requirements, the total spending will be within the reduced ceiling of $48,300 million announced during the summer.

These estimates contain some 20 $1 items that are described in the explanatory sections of the supplementary blue book. These items may be grouped as follows: five votes that authorize the transfer of funds from one vote to another; ten votes that authorize the payment of grants and contributions; one vote that authorizes the deletion of debts and the reimbursement of an account for an accumulated deficit and obsolete stores; one vote that amends provisions of a previous Appropriation Act.

There are three other votes: one vote to authorize the issuance of non-negotiable demand notes; one vote to authorize the payment of pensions; and one vote to authorize the cancellation of certificates of indebtedness and the forgiveness of debt and interest accrued and unpaid.

Additional explanations of the items in the latter two categories were provided to the National Finance Committee during its review of the supplementary estimates.

Before I came into this house tonight I caused to be distributed to honourable senators—and I hope this has been done—two tables, one of which I have marked, for my own purposes in studying this bill, "Table A", the title of which is "Estimates, 1978-79." This table shows the details of the main estimates. First you have the column of the items to be voted. Then we have budgetary items, $19,875,760,461, and, in the same column, non-budgetary items, $877,561,001, for a total of items to be voted of $20,753,321,462.

In the next column, the statutory column, we have, budgetary, $26,600,708,718, and non-budgetary, $1,377,985,091, for a sub-total under the statutory column of main estimates of $27,978,693,809. The grand total of the estimates I have just given is $48,732,015,271.

Then I go to the bill before us, and I give the details of the supplementary estimates (A).

Under the "to be voted" items, which is the first column of the table, we have budgetary, $394,563,814, and non-budgetary, in the same column, $54,781,393, for a sub-total under this column, of the Supplementary Estimates (A), of $449,345,207.

● (2100)

In the next column under the heading "Supplementary Estimates (A)— Statutory", we have a budgetary figure of $975,286,000; a non-budgetary figure of minus $365,078,052, and there is a reduction or revision taken into account that gives us a sub-total of $610,207,948; for a grand total of the supplementary estimates of $1,059,553,155.

The last paragraph of this table shows the total estimates tabled. You have the figures dealing with budgetary items. I will only give the totals: budgetary, $47,846,318,993; non-budgetary, $1,945,249,433; for a grand total of estimates tabled of $49,791,568,426.

The second table, which I have marked for my own purposes "Table B", bears the title "Supply, 1978-79". This is a résumé of the appropriation acts passed in respect of the estimates for 1978-79 to date. There was, as honourable senators will recall, an Appropriation Act No. 1, 1978-79, which granted interim

supply for April, May and June, including 23 additional proportions based on the main estimates for 1978-79, for a total of $5,657,022,492. This was followed by Appropriation Act No. 2, 1978-79, which granted supply for the balance of the main estimates for 1978-79, for a total of $15,096,298,970.

The present bill totals $449,345,207. The total estimates to be voted to date is $21,202,666,669.

In closing, I should like to add that this bill is in the same form as those passed in previous years and contains no additional borrowing authority. I probably have given too many figures, and they are not small ones. I believe I have covered the important features of this bill, but should honourable senators wish further explanations, I shall do my best to provide them.

On motion of Senator Macdonald, for Senator Smith (Colchester), debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

# THE SENATE

**Tuesday, December 12, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## INCOME TAX ACT
## FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—REPORT OF COMMITTEE

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, December 12, 1978

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill C-10, intituled: "An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973" has, in obedience to the Order of Reference of Thursday, December 7, 1978, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Salter A. Hayden,
*Chairman.*

THIRD READING

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

**Senator Hayden:** Honourable senators, with leave, now.

**Senator Flynn:** We will give leave because the minister is very anxious to have this bill passed. I understand that royal assent has been arranged to take place tonight, which is better than tomorrow afternoon when we will be preoccupied with other functions.

I told the minister last week that if the only urgency about this bill was to have the forms printed in time for the beginning of the year she could proceed right away. I also told her that with this assurance coming from me, no other assurance was necessary.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## THE CONSTITUTION

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on the Constitution have power to sit while the Senate is sitting tomorrow, Wednesday, 13th December 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to reports of committees:

**Senator Forsey,** Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Monday, December 11, 1978

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Third Report as follows:

1. In relation to its permanent reference, section 26, The Statutory Instruments Act, 1970-71-72, c. 38, your Committee has considered the statutory instruments set out in Annex A to this Report, and has determined that the special attention of both Houses requires to be drawn to them.

2. Each of the statutory instruments under report purports to empower the Minister to direct some other person to enter private lands and to remove excessive natural growth. The extent to which natural growth is excessive is defined in each case. The empowering of the Minister so to act is a new departure in the regulation of natural growth on lands adjacent to airports. Previously, Airport Zoning Regulations forbade owners or occupiers of controlled lands to permit any object of natural growth to exceed certain defined limits.

3. Your Committee does not consider that paragraph (j) of section 6(1) of the *Aeronautics Act* provides the authority for the conferring of this new power on the Minister. Your Committee further considers that such an extraordinary power as that to enter private lands and to destroy natural growth on them should not be conferred by subordinate legislation unless the enabling statute clearly empowers such legislation to be made. Accordingly, your Committee considers that the statutory instruments under report even if *intra vires* section 6 of the *Aeronautics Act*, constitute unusual and unexpected uses of the power contained in that section.

4. Your Committee, therefore, recommends that Parliament should be asked to consider an amendment to the

*Aeronautics Act* to provide the necessary explicit authority for statutory instruments of the type under report, should they be thought necessary by the Department of Transport.

5. A letter dated June 21, 1978 from the Senior Assistant Deputy Minister of Transport explaining the statutory instruments under report and setting out the Department of Transport's position is appended as Annex B to this report.

Annex "A"

SOR/76-311—Chilliwack Airport Zoning Regulations
SOR/76-312—Hay River Airport Zoning Regulations
SOR/76-350—Grande Prairie Airport Zoning Regulations
SOR/76-474—Edmonton International Airport Zoning Regulations
SOR/77-414—Pitt Meadows Airport Zoning Regulations
SOR/77-470—St. Hubert Airport Zoning Regulations
SOR/77-724—Calgary International Airport Zoning Regulations
SOR/77-796—Resolute Bay Airport Zoning Regulations
SOR/77-797—Toronto International Airport Zoning Regulations, amendment
SOR/77-798—Windsor Airport Zoning Regulations, amendment
SOR/77-806—Sault Ste. Marie Airport Zoning Regulations, amendment
SOR/77-807—Sarnia Airport Zoning Regulations, amendment
SOR/77-808—Ottawa Airport Zoning Regulations, amendment
SOR/77-809—North Bay Airport Zoning Regulations, amendment
SOR/77-810—Hamilton Airport Zoning Regulations, amendment
SOR/77-868—Kelowna Airport Zoning Regulations
SOR/78-657—Sept-Îles Airport Zoning Regulations
SOR/78-771—Charlo Airport Zoning Regulations

Annex "B"

June 21, 1978

Mr. G. C. Eglington, Counsel, Standing Joint Committee on Regulations and other Statutory Instruments, c/o The Senate, Ottawa, Ontario. K1A 0A4

Dear Mr. Eglington;

Re: Airport Zoning Regulations—new provisions dealing with "Natural Growth"

This refers to your letter of February 28, 1978, requesting an explanation concerning the inclusion of the above-noted new provisions in Airport Zoning Regulations and their validity under section 6 of the Aeronautics Act.

The natural growth zoning provisions were added to the zoning regulations as a result of difficulties encountered in certain areas adjacent to airports where natural growth was becoming a problem and the owners of such property refused to co-operate with the Department or to give the Department an Easement to control such natural growth.

Section 6 which prohibits natural growth was considered of little value unless there was some method of enforement indicated by the Minister. For even if a charge was laid, that would not result in the natural growth being removed. Under subsection (2) of section 6 of the Act, a regulation may empower the Minister to make a direction in respect of any matter coming within section 6(1) of the Act as the regulation may prescribe. Section 6(1)(j) empowers the Minister to make regulations restricting, regulating or prohibiting excessive natural growth or suffering excessive natural growth to be permitted. By section 7 of the zoning regulations he directs that excessive natural growth will not be suffered on the lands affected by the regulation.

Although section 7 may be of doubtful validity, it was considered to be a simple method to resolve this problem. While it has had the desired effect through cooperation by affected parties, it has never been challenged and therefore we have no precedent against which we can determine its validity.

Yours sincerely,

S. D. Cameron,

Senior Assistant Deputy Minister.

Respectfully submitted,
Eugene A. Forsey,
*Joint Chairman.*

• (2010)

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

**Senator Forsey** moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## FOREIGN AFFAIRS

### SAFETY OF CANADIAN CITIZENS IN IRAN—QUESTION

**Senator Marshall:** Honourable senators, I should like to direct a question to the Leader of the Government. Even though assurances have been given both here and in the other place that Canadians in Iran are comparatively safe, reports from individual families, particularly those in Newfoundland, now indicate that that is not necessarily the situation.

In view of the fact that there are some families in the Caspian Sea area in the north, who, having by design intended to move to the Resht Airport, now find that because of the

upheaval they cannot get to the airport, which would be their avenue of escape, could the leader find out immediately just what the situation is? I ask this because there is growing concern from mothers of families over there, mothers of workers. If this concern is well founded, consideration should be given to getting these workers out of Iran.

**Senator Perrault:** If any honourable senator has information with respect to relatives or friends in Iran who are perceived to be in danger, I urge that he or she contact the Department of External Affairs as soon as possible and provide full information, giving names, addresses, contact numbers, and so on.

As of 8 o'clock this evening I had no information from the Department of External Affairs suggesting that the situation with respect to the safety of Canadian citizens in Iran had deteriorated in the last 24 hours.

## INDUSTRY, TRADE AND COMMERCE

### REISMAN REPORT ON THE CANADIAN AUTOMOTIVE INDUSTRY—QUESTION

**Senator Bosa:** If I may direct a question to the Leader of the Government, now that the government has received the Reisman report on the automotive manufacturing industry in Canada, is it the intention of the government to consult the industries affected before formulating its policy on the matter?

**Senator Perrault:** That question will be taken as notice.

## TRANSPORT

### MOTOR VEHICLE SAFETY—TIRE PRESSURE SURVEY—QUESTION

**Senator Smith (Colchester):** Honourable senators, I should like to direct a question to the Leader of the Government. Has the government authorized a survey or study to ascertain whether the owners of Canadian motor vehicles are correctly inflating their tires? If so, what is the nature and purpose of the inquiry and what is its estimated cost?

**Senator Perrault:** The government has been quite concerned with inflation over the recent months, and I hasten to say "inflation in every sense of the word". I do not know of any current study on tire inflation, but I will certainly make inquiries.

**Senator Smith (Colchester):** I have good reason to believe that such a survey is taking place, I may say.

**Senator Perrault:** That information will be obtained as soon as possible.

## FOREIGN AFFAIRS

### RETURN OF COSSETTE-TRUDELS TO CANADA—QUESTION ANSWERED

**Senator Asselin:** Honourable senators, on Tuesday, December 5, I asked a question about the Cossette-Trudels couple. The Leader of the Government partly answered my question the following day, but I should like to know now if he is in a position to answer the rest of my question about whether the Government of Canada and the Cossette-Trudels had reached any agreement at the time of Mr. Cross's release before they were exiled to Cuba and thence to France. Is the leader in possession of any document that he can table in the Senate that would inform us of any such agreement?

[Senator Marshall.]

• (2015)

**Senator Perrault:** Honourable senators, I have a body of information before me with respect to the Cossette-Trudels. I can confirm that the Secretary of State for External Affairs has stated in recent hours that the Cossette-Trudels have asked the Canadian government for permission to return to Canada. Yesterday, December 11, the Cossette-Trudels asked the Canadian embassy in Paris to issue special travel documents for their return to Canada. The Canadian government agreed and our embassy issued the couple with temporary passports, valid only for their return to Canada. Now that this has been done, the French authorities will permit them to leave France. As a matter of courtesy, Canada will, of course, inform the French authorities of all arrangements.

Honourable senators, in reply to Senator Asselin's specific question of December 5 as to what arrangements had been made between the Canadian government and the Cossette-Trudels when they left Canada after releasing Mr. Cross, may I say that insofar as the Department of External Affairs is concerned, the federal government agreed to provide the kidnappers of Mr. Cross with free exit from Montreal, through Man and His World, to Cuba. The federal government also agreed to provide the kidnappers with appropriate travel documents in the form of a collective travel certificate valid for travel to Cuba, air passage with certain members of their families to Cuba and assurances that the Cuban government was prepared to accept them. The Cossette-Trudels were included in these arrangements. It was always understood that should the Cossette-Trudels return to Canada, they would be prosecuted for the crimes alleged against them. Prosecution is, of course, within the jurisdiction of the Attorney General for Quebec.

**Senator Flynn:** I have a supplementary question. Apparently no document was ever signed. I was wondering whether the Leader of the Government heard the comment made by Premier Lévesque regarding the fact that the role played by the then Minister of Justice, Mr. John Turner, might be revealed on the occasion of the trial. Was the then Minister of Justice part of the deal?

**Senator Perrault:** I have no information before me on that. It would be wrong for me to comment on an alleged news report of a statement allegedly made by the Premier of Quebec.

**Senator Flynn:** I heard it.

**Senator Langlois:** It is a news report just the same.

## VETERANS AFFAIRS

WIDOWS OF VETERANS—PENSIONS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 21, Senator Marshall asked the Leader of the Government if he would consult with the Minister of Veterans Affairs to determine what progress is being made with regard to the inclusion of widows of veterans receiving disability pensions who are receiving a rate of less than 48 per cent.

I have contacted the minister and have been provided with the following answer:

> Under the existing legislation, a widow is entitled to be pensioned if the veteran's death was attributable to service, or if he was, at the time of his death, in receipt of a pension for disability assessed at 48 per cent or more, or if after his death it is determined that he would have been in receipt of a pension at the 48 per cent rate or more, had he applied for such a pension or increase in pension before his death.
>
> The 48 per cent rate was decided upon because at that rate it can be considered that the veteran is obviously seriously disabled, and it could be considered that the pensionable condition might have contributed to the pensioner's death. On the other hand, where a veteran is pensioned at a lower rate and dies from a cause having no relation to his pensioned condition, the question arises as to whether, or to what extent, pension should be payable for a death unrelated to service in the forces.
>
> I am not aware of any of our major western wartime allies who provide for the automatic payment of pensions to widows even approaching the 48 per cent basis for entitlement which we in Canada use.

● (2020)

> However, the Pension Act is continually under review to ensure that the legislation is the best possible to meet the needs of our veterans and their dependents, consistent with what the economy of the country can sustain.

**Senator Marshall:** Honourable senators, the minister has given that answer on a number of occasions in recent years. It should be pointed out that if a veteran in receipt of a 48 per cent pension dies, his widow receives, I believe, a pension of $466. However, if that veteran was in receipt of a 47 per cent pension—a mere 1 per cent or $38.92 less—his widow receives nothing and she is cast aside.

If that is regarded as being fair, despite the fact that we do have good pension legislation, then I cannot undertand it. It should be pointed out to the minister that this is discriminatory. It is against human rights and everything that is fair in Canada.

**Senator Perrault:** Honourable senators, I can only reiterate what the minister said in his statement, that the government has demonstrated its compassion and concern for the veterans of Canada. Indeed, veterans benefits in this country are perhaps better than those in any other country in the world. Every effort is made continually to improve those benefits, and hopefully it will be possible at some future date to provide even greater assistance.

## CANADA LABOUR CODE

COMMITMENT BY GOVERNMENT LEADER RESPECTING REPRESENTATIONS BEFORE SENATE COMMITTEE—QUESTIONS ANSWERED

**Senator Perrault:** Honourable senators, a number of questions have been asked in recent days by the Leader of the Opposition with respect to a Senate committee study of labour relations in this country. I want this evening to make a brief statement on the subject.

The subject of labour-management relations in Canada has occupied a great deal of the attention of government and of all the political parties over recent months. The strike and lockout record in Canada has not been as satisfactory as any of us would wish, and there is general feeling among the parties, and at various levels of government, that we must try new approaches, initiate studies and surveys, have a greater dialogue involving labour, management and the general public.

The idea of a Senate study has been discussed over recent months among honourable senators and certainly within the government. I can report that leading representatives of labour and management have just agreed unanimously in the Second Tier Report, which flowed out of the 23 Sectoral Studies, to undertake a joint study, without government, of all the issues in industrial relations that have been troubling many Canadians, including members of the Senate.

It is the feeling of the government that we should allow this extremely constructive development to go forward unhindered and unimpeded by any parliamentary study—which labour and management would not be at all happy about under present conditions—at least for the time being. We are entering a period during which there will be a substantial amount of dialogue between labour and management, and it is the view of the government that we should let this dialogue proceed before parliamentary studies are initiated.

**Senator Flynn:** Honourable senators, am I to understand from the statement made by the Leader of the Government that he now considers no longer binding his commitment to have a Senate committee—perhaps the Standing Senate Committee on Health, Welfare and Science—hear representations from those who wanted to be heard when we were considering the amendments to the Canada Labour Code in the last session? In view of the changed circumstances, does his commitment no longer stand?

**Senator Perrault:** Honourable senators, it is not a question of breaking faith in this matter. Rather it is a suggestion that there should be a deferral, because it is felt a parliamentary study might be detrimental in that it would interfere with, and perhaps break, what can only be described as a fragile agreement which labour and management have made to look at their own house themselves. I suggest they should be given every opportunity to improve their relations by agreement

between themselves before we in the Senate enter the process. It is not something I rule out at all. It is simply the timing.

**Senator Flynn:** We are postponing it.

**Senator Perrault:** We are simply deferring it to a more appropriate time, a time when the Senate may be even more helpful.

**Senator Flynn:** The commitment was made at a very appropriate time, but this is not an appropriate time to honour it.

## APPROPRIATION BILL NO. 3, 1978-79

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Langlois for the second reading of Bill C-25, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979.

**Hon. George I. Smith:** Honourable senators, I do not rise to oppose passage of this bill, but there are some things about it which I feel should be drawn to your attention.

I apologize to the Deputy Leader of the Government, the sponsor of this bill, for not being present last night when he so ably moved the second reading. I have, however, read his very careful explanation and studied the charts and tables of an explanatory nature which he was kind enough to supply to honourable senators.

I note that the bill covers supplementary estimates of some $1.06 billion. I note also that $610 million is said to be due to revised forecasts of statutory payments, and $450 million is left to be voted by Parliament. I note further that should this bill pass it will bring the total estimates voted for this fiscal year to $49.722 billion or, as near as may be, $50 billion.

With reference to the revised forecasts of statutory items, I suppose it would probably be unfair to say that this is in any way due to poor estimating. In all probability, it is due simply to the difficulties which are inherent in trying to determine, many months in advance, what the actual requirements for a year will be.

The sponsor of the bill mentioned a number of major items to be voted. I shall refer, for the time being at least, to only one of them, and that can be found at page 346 of yesterday's *Hansard*. The words of the sponsor of the bill in this particular connection are as follows:

> The major items to be voted are: $81 million to meet increased oil import compensation payments resulting from the federal government's announced intention to delay the scheduled January 1, 1979, increase in domestic oil prices and the devaluation of the Canadian dollar—

The thought that occurred to me in reading those words—and, incidentally, I heard something similar said by the President of the Treasury Board when he appeared before the National Finance Committee—is that the subjects of an increase in oil import compensation payments and the devaluation of the Canadian dollar represent a strange combination of subjects to put into one item. I do not notice any breakdown in the deputy leader's very clear remarks to indicate how much of this $81 million is referable to oil, and how much is referable to the cost of the devaluation of the dollar. Perhaps the deputy leader might consider the possibility also of indicating just what was the nature of that portion of the cost of $81 million which arises out of the devaluation of the dollar.



● (2030)

As I say, this seems to me to be a somewhat strange combination of items, but stranger still, honourable senators, is the unilateral way by which this item got into these estimates and, therefore, into this bill. Supplementary estimates (A), which are the estimates dealt with by this bill, were printed many weeks ago. I do not have the date of the printing before me, but I know they were printed long enough ago for them to find their way to the Standing Senate Committee on National Finance by the 14th day of November, 1978. My recollection is—and I am sure honourable senators will remember this too—that as recently as the last federal-provincial conference of first ministers, held just a couple of week ago, this matter had not been settled—that is, the matter of the scheduled increase in the price of oil on January 1, 1979—so just how it was known that it ought to be included in these estimates many weeks ago is difficult to see, except that the federal government unilaterally announced that it intended to break a contract between itself and the government of Alberta. It seems to me that this was obviously a unilateral approach to what seemed to be treated at the first ministers' conference that I mentioned, and by the parties attending it, as a firm and sacred contract. The least one can say about this kind of thing is that it is not very well calculated to improve relations between the Government of Canada and the governments of the provinces. It is certainly not a very good way to promote national unity.

I cannot help but say that this is clearly another unilateral action by the federal government, and another of the many instances of its lack of consultation with interested parties—in this case, the provinces—and its unilateral willingness to break, not an understanding, but a contract, with the government of a province.

This, of course, is all of a piece with the talk about reducing its contributions to long established federal-provincial shared-cost programs, which the federal government persuaded the provinces to get into many years ago—for instance, medicare and hospital insurance. Incidentally, the threatened reduction of federal contributions to these programs will certainly put at risk one of the main objects which it was alleged these programs were established to bring about, namely, a uniform standard of treatment for Canadians in all parts of Canada. This, too, is hardly a contribution to national unity.

The President of the Treasury Board appeared to think—and I suppose the government appears to think—that if the federal contribution to these programs is reduced, the total spending of governments at all levels will be reduced. I say, honourable senators, that this is surely a completely mistaken view of the situation, in view of what will happen. After all,

the level of these programs, which people have long since become accustomed to, will have to be maintained by somebody, as far it is possible for somebody to maintain them.

These services simply cannot be discontinued; it is not politically practicable to discontinue them. So, if the federal government pays less towards carrying them out, then other levels of government, and particularly provincial governments, will have to pay more, although it may be that some of those who are less well off will not be able to pay sufficiently more to prevent deterioration of the standard of service which they make available to their citizens.

In this connection the President of the Treasury Board said he is worried—and again I suppose it is true to say that the government is worried—about the portion of the gross national product taken up by government spending; that is, government spending at all levels. And well he might be, and so should we all, because, as he pointed out, the level of all government spending in relation to the gross national product in 1961 was 30.8 per cent, and 15 years later, in 1976, it had grown to 40.3 per cent, an increase of almost exactly one-third.

But, honourable senators, I say again that reducing federal transfer payments to the governments of the provinces will not help much, if it helps at all, to reduce the rate of increase in the proportion of the gross national product required to maintain these shared-cost programs which the people have long since come to accept as a necessary and essential part of life. If the federal government pays less then, I say again, the proportion of the total gross national product which will be required to maintain these services will not be lessened; the amount of the gross national product taken by the federal government may be lessened, but the amount of the gross national product taken by the provinces will have to be increased correspondingly. So it seems to me that there is no virtue whatever in the argument that reducing these transfers to the provinces for shared-cost services will assist in reducing the total burden of taxation coming out of the GNP.

Incidentally, in connection with spending, the President of the Treasury Board said that the rate of increase in federal spending in the current year will be about 9½ per cent. That appears to be the government target, although I think he described it as the ceiling below which the increase in government spending would be kept. But he also said on the same occasion that the government cash requirement this year will be $11.8 billion which, of course, appears to be at least the deficit. So whatever is the rate of increase in federal government spending, it is clearly more than the revenues will meet, and more than the revenues will meet by a very large amount. The total spending, as I pointed out, authorized so far in gross spending for the year is just barely under $50 billion. And if there is a short-fall in revenues of $11.8 billion, that amounts to well over 20 per cent of the total spending for the year, and much over 20 per cent of the total revenues for the year. So whatever the rate of spending, it is clearly more than the revenues will meet.

Another disturbing figure given by the President of the Treasury Board is that the cost of servicing the public debt this year will increase by about 23 per cent. If that rate of increase continues, and if my mathematics are correct, it means that in 3.2 years the cost of servicing the public debt will be twice as much as it is now, and in 6.4 years it will be four times as much as it is now. In the last fiscal year that cost was approximately $5.5 billion.

● (2040)

This brings me to the off-the-top-of-the-head alleged spending cuts announced by the Prime Minister last summer—$2 billion was the favourite figure. Since much of this would affect and concern the provinces, one would expect that the provinces would have been consulted before any such substantial cut, if it is a cut, was announced, and that the effect of that cut not only upon the provinces but upon the ability of the Government of Canada to carry out its commitments would have been carefully evaluated.

In this connection, and to indicate clearly how much evaluation there was, let me read a few lines from the telex which the Prime Minister sent to the premiers on August 18, 1978. On the third page thereof these words appear:

> Within the expenditure cuts already announced, each one of the federal departments that are affected will examine the expenditures that have been reduced or eliminated—

And listen to this, honourable senators.

> —in order to evaluate thoroughly the federal-provincial implications.

He is not telling them that the federal departments or anyone in the federal government evaluated thoroughly the federal-provincial implications before this announcement was made; he is saying that after the announcement is made, and after the government has been committed to the cuts, then, and only then, will each one of the federal departments affected examine the expenditures that have been reduced or eliminated in order to evaluate thoroughly the federal-provincial implications. After the horse has got away, the door will be locked. After the decision has been taken, somebody will try to find out what it is going to mean to people.

Clearly nobody in Ottawa knew how this decision would affect provincial plans, provincial budgets or provincial expenditures. It seems to me that this is a pretty complete self-condemnation of the care with which these announced cuts were considered, and of the care with which possible adverse effects upon provincial governments were considered or studied. No wonder, honourable senators, this government has trouble getting along with the provinces. In the light of all of its actions—and I have mentioned only a few—it is not easy to feel that this government really knows what it is doing in these fields.

I should like, however, to end on an encouraging note. The President of the Treasury Board says that the rate of increase in spending, which I mentioned as being 9½ per cent for the current year, is less than the rate of increase in the gross national product which, he believes, will be in the order of 10½ per cent this year. Thus, the rate of spending this year—and I think this is true of last year—whatever it may be, is growing

at a slower rate than the GNP is growing. That, of course, is a good thing. We, on this side of the house, have advocated that for a long time, and we are glad that for at least two years, and perhaps more—I did not ask if it went further back than two years—this objective has been met.

Honourable senators, I said I did not oppose the bill, and I do not. I also think there is no need for it to be referred to committee. Indeed, if my honourable friends opposite feel it reasonable to ask for leave to proceed to third reading tonight, it is possible that the house might consent.

**Senator Flynn:** There is no reply from the Deputy Leader of the Government.

**Senator Smith (Colchester):** In any event, honourable senators, I thank you for your courtesy and attention.

**Hon. Léopold Langlois:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Langlois:** Honourable senators, I am going to pay heed to the suggestion of the Leader of the Opposition that I should speak for only a few minutes. I will merely endeavour to supply Senator Smith (Colchester) with the information he sought concerning the item of $81 million having to do with the oil import compensation payments resulting from the federal government's announced intention to delay the scheduled January 1, 1979, increase in domestic oil prices and the devaluation of the Canadian dollar. This is all contained in one item.

I refer my honourable colleague to vote 10a on page 18 of Supplementary Estimates (A). The explanation of that vote is given on page 20, and it reads as follows:

> Increased payments under the Oil Import Compensation Program . . . $81,000,000

The confusion apparently arises from the fact that there are two factors involved in this increase. First, there is the factor of the delaying of the scheduled January 1, 1979, increase, and, secondly, there is the factor of the devaluation of the Canadian dollar. This is all contained in one item under one department, and it is all included in vote 10a on page 18 of Supplementary Estimates (A).

This concludes my remarks. I commend this bill to the favourable consideration of honourable senators.

**Senator Smith (Colchester):** I see the figures in Supplementary Estimates (A) to which the Deputy Leader of the Government refers, but that does not satisfy my desire to know whether this amount of $81 million is really partly due to the oil payments and partly due to the devaluation of the dollar, or whether the oil payments are higher because of the devaluation of the dollar, and this is all lumped together in the amount of the oil payments rather than the devaluation of the dollar.

[Senator Smith.]

• (2050)

**Senator Langlois:** Honourable senators, this is exactly what I meant when I gave the explanation. There is one result caused by two factors—the delay in the implementation of the January 1, 1979, increase, and, the devaluation of the dollar. This is all in connection with the oil import compensation program.

Motion agreed to and bill read second time.

THIRD READING

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

**Senator Langlois:** Honourable senators, with leave, now.

**Senator Flynn:** I agree. The reply was so short that they deserve to have leave.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 12, 1978

Madam,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 12th day of December, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

At 9.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, December 13, 1978**

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

Prayers.

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

REPORT OF COMMITTEE

**Senator Hayden,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, December 13, 1978

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-10, intituled: "An Act to facilitate conversion to the metric system of measurement" has, in obedience to the Order of Reference of Monday, December 11, 1978, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Salter A. Hayden,
*Chairman*

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

**Senator Molgat** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Thompson be substituted for that of the Honourable Senator Norrie on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting tomorrow, Thursday, December 14, 1978, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## THE SENATE

PRINTING ERRORS IN OFFICIAL RECORDS—QUESTION

**Senator Croll:** Honourable senators, I should like to ask the Leader of the Government a question having to do with the printing errors that appear almost daily in our official records. On Tuesday, December 5, I requested that an address that had been prepared by the late Senator Greene be printed as an appendix to *Hansard* of that date. That was done. In making that request I drew to the attention of the Senate the fact that on Thursday, October 19, the late Senator Greene had raised a question of privilege in the house about the misspelling of his name in the *Minutes of the Proceedings of the Senate.*

Now, believe it or not, the Printing Bureau has done it again. The Printing Bureau misspelled the late senator's name in the heading of the appendix that I had asked to have printed. I specifically looked at the original text sent to the Printing Bureau, and in it Senator Greene's name was correctly spelled. Furthermore, while examining *Hansard* of that date rather minutely, I found 11 printing errors, including three in the appendix.

• (1410)

My question is: Is there any proofreading being done by the Printing Bureau, and, if so, what is the precise method, how can it be improved, and when will they get sighted people to do the proofreading?

**Senator Benidickson:** Honourable senators, I noted that Senator Croll—

**Senator Flynn:** Order.

**Senator Benidickson:** —had asked that this be an appendix to our proceedings.

**Senator Flynn:** Order. Senator Croll asked a question, and I would like an answer from the Leader of the Government. If the honourable senator has a point of order, he can raise it a little later.

**Senator Perrault:** Honourable senators, I suppose it may be safe to say that in matters such as this the Printing Bureau has the last word.

**Senator Flynn:** And the last laugh.

**Senator Perrault:** The Leader of the Opposition said "the last laugh". This also may be correct. Honourable senators, may I say that an inquiry will go forward on this matter.

However, generally both the Printing Bureau and the Debates Reporting Branch operate extremely well under very trying circumstances at times, and if mistakes are made occasionally they are, perhaps, understandable and forgivable in the context of some of the activities that take place here.

**Senator Benidickson:** Honourable senators, I simply wanted to say that I believe we all appreciate Senator Croll's initiative the other day in having the speech of the late Senator Joe Greene printed as an appendix to our proceedings.

## UNITED NATIONS

### NAMIBIA—CANADIAN FORCES CONTINGENT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, may I take this opportunity to attempt to reply to a question asked by Senator Smith (Colchester) on December 6 regarding, as he said, "the country now known as Namibia and once known as Southwest Africa." The honourable senator asked:

> Has the Government of Canada made a decision, either final or tentative, to provide a contingent of Canadian armed forces to any United Nations force that may be sent to that country in connection with the proposed United Nations elections?

Canada has not, as yet, received a request from the Secretary General of the United Nations for a contribution to a peacekeeping force in Namibia. The Security Council has approved a plan based on the proposal made by Canada, France, the Federal Republic of Germany, the United Kingdom and the United States for a peaceful resolution of the Namibia problem.

It is the responsibility of the Secretary General of the United Nations to consult with all parties concerned in the composition of the UN force, on the date for its deployment to Namibia, and on the mandate that will govern its operation.

When the conditions and terms of reference are established, should a request come from the Secretary General for a contribution to a peacekeeping force in Namibia, the government will give it serious consideration to determine whether Canada can play a useful role.

**Senator Flynn:** That is a surprising answer.

## TRANSPORT

### REDUCED AIR FARES WITHIN CANADA—QUESTION

**Senator Olson:** Honourable senators, I should like to direct a question to the Leader of the Government with respect to the reduced air fares that were instituted in Canada during this past season, some by way of charter and some by other arrangements, that provided Canadians with cheaper travel within Canada. My understanding is that it was highly successful, and, indeed, all the seats that were made available at those rates were taken up.

My question is based on my understanding that a proposal for 1979 is now being considered by the Canadian Transport Commission and the air carriers involved. I would like to ask the Leader of the Government whether the government is pressing, as I hope it is, for this service to be expanded so that Canadians will be encouraged to travel in Canada?

**Senator Perrault:** Honourable senators, the question will be taken as notice.

**Senator Marshall:** Honourable senators, with reference to Senator Olson's question, I am wondering, as a new senator, if there is any way by which we can mark historic occasions. Air Canada has become famous over the years for losing luggage between two points. Last Friday I was part of an historic occasion. They lost a piece of my luggage before the plane even took off—which it never did, by the way. They should be given an award for that distinction.

## FOREIGN AFFAIRS

### EFFECT OF POLITICAL SITUATION IN IRAN ON OIL IMPORTS TO EASTERN CANADA—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the unstable political situation in Iran, and in view of the fact that Canada relies very heavily on oil imports from that country for the refineries located in eastern Canada, can the Leader tell us if there has been any shortage of deliveries in the past couple of weeks?

**Senator Perrault:** Senator, no information of that kind has been brought to the attention of my office. However, inquiries will be made to determine whether any short-falls are occurring, or whether any short-falls are indicated.

## TRANSPORTATION

### REPORT OF McKENZIE ROYAL COMMISSION ON BRITISH COLUMBIA RAILWAY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I was asked a question on November 21, by Senator Austin, with respect to the recommended sale of the British Columbia Railway to Canadian National Railways.

The senator's question has now become hypothetical, in that the Premier of British Columbia publicly announced on November 23 last, two days after the senator's questions, that his government would not take action on any of the recommendations contained in the McKenzie commission's report.

## THE LATE GOLDA MEIR

### CANADA'S REPRESENTATIVES AT FUNERAL OF FORMER PRIME MINISTER OF ISRAEL—QUESTION

**Senator Bonnell:** May I direct a question to the Leader of the Government? A few days ago the world lost one of its international personages, Golda Meir. I notice that the Minister of National Defence is representing the government of Canada at her funeral. Is any member of the Senate representing Canada at that funeral?

**Senator Perrault:** Honourable senators, I do not have the complete list at my disposal. The office of the Leader of the Government in the Senate was not approached to nominate a representative at the late Golda Meir's funeral.

**Senator Flynn:** I was not approached either.

## FUGITIVE OFFENDERS BILL

### MOTION FOR THIRD READING

**Senator McIlraith** moved the third reading of Bill S-9, respecting fugitive offenders in Canada.

He said: Honourable senators, it will be recalled that this bill was referred to the Standing Senate Committee on Legal and Constitutional Affairs, and the evidence taken before that committee is now printed and available. It is issue No. 2 of that committee's proceedings, dated Wednesday, December 6.

It will also be recalled that the report of that committee was adopted by the Senate on Monday night of this week. That report recommended three amendments, the first two of which simply changed the wording of the clauses dealing with the expression "part of the Commonwealth" so that it included St. Kitts and St. Lucia. They were rather technical amendments. The third amendment dropped the word "complaint" from one of the clauses of the bill. The correct usage of the courts is "warrant and information". The bill had in it the words "warrant, complaint or information", and the amendment simply dropped the word "complaint".

That report, as I said, was adopted on Monday night. Now, at the third reading stage, another matter arises. It will be recalled that when the bill was before us on second reading, and in committee, the question of the definition of an "offence of a political nature" was discussed. Clause 2, the interpretation clause of the bill, defines an "offence of a political character" in a negative way. It reads:

● (1420)

> "offence of a political character" does not include
>
> (a) the murder, kidnapping or other assault on or restriction of the liberty of any person who is an "internationally protected person" as defined in section 2 of the *Criminal Code* or who would be such a person if
>
> (i) in the case of a person referred to in paragraph (a) of that definition, he were in a state other than the state in which he holds an office or position referred to in that paragraph, and
>
> (ii) in the case of a member of a family referred to in paragraph (b) of that definition, he accompanied a person referred to in paragraph (a) of that definition to a state other than the state in which the person referred to in that paragraph (a) holds an office or position referred to in that paragraph (a)—

Paragraph (a), it will be noted, is not exactly a model of clarity of expression. Indeed, it is possible to argue that it excludes the protected persons as defined in the Criminal Code in certain circumstances. That argument may or may not be a valid one, but it is an argument that could be made on the wording as it appears.

[Senator Bonnell.]

Therefore, with the concurrence of the Senate, I shall ask my colleague, the Leader of the Government in the Senate, to move an amendment. Perhaps it would be useful if I read it so that honourable senators can have both versions before them at one place in the *Debates of the Senate*. The motion is that clause 2 of Bill S-9 be amended by striking out lines 21 to 40 on page 2 thereof and substituting the following therefor:

> (a) the murder, kidnapping or other assault on or restriction of the liberty of
>
> (i) a head of state, including any member of a collegial body performing the functions of a head of state under the constitution of the state concerned, a head of a government or a minister of foreign affairs, and
>
> (ii) a person mentioned in paragraphs (b), (c) or (d) of the definition "internationally protected person" in section 2 of the *Criminal Code* in the circumstances described in those paragraphs,

I think that will be seen as a clearer expression of what that part of the definition means, and I hope it will be helpful.

I have nothing further to add at this stage, but I would ask the Leader of the Government to move the amendment so that it will be formally before the Senate.

### MOTION IN AMENDMENT—DEBATE ADJOURNED

**Senator Perrault:** Honourable senators, I move, seconded by the Honourable Senator Petten, that this bill be not now read the third time but that it be amended as follows:

> Page 2, clause 2: Strike out lines 21 to 40 and substitute the following:
>
> (a) the murder, kidnapping or other assault on or restriction of the liberty of
>
> (i) a head of state, including any member of a collegial body performing the functions of a head of state under the constitution of the state concerned, a head of a government or a minister of foreign affairs, and
>
> (ii) a person mentioned in paragraphs (b), (c) or (d) of the definition "internationally protected person" in section 2 of the *Criminal Code* in the circumstances described in those paragraphs,

**Senator Flynn:** Explain.

**Senator Perrault:** Basically this is a clerical amendment.

**The Hon. the Speaker:** It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Petten, that this bill be not now read the third time but that it be amended as follows—

**Hon. Senators:** Dispense.

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

**Senator Asselin:** Honourable senators, yesterday I had the occasion to discuss with Senator McIlraith a proposed amendment that he wanted to put forward today.

Is the simultaneous interpretation system working?

**Senator McIlraith:** Yes.

[*Translation*]

**Senator Asselin:** I did not have an opportunity to study the amendment before lunch time. You know, however, that we had raised this issue at second reading stage, as well as others which were more substantial than the technical amendment which is now proposed. Also, at the committee stage, my colleagues, Senator Smith, Senator Wagner, Senator Robichaud and others who attended the sittings of the committee, raised important questions regarding certain clarifications which we would like to see appearing in this bill in order to make it more comprehensive.

At the very outset, it had been said that the bill that we have before us is easy to understand and that it is not complicated. However, this is where one can point out the work of the opposition, for when the bill was put under scrutiny it appeared that it had important shortcomings which had to be corrected if it was to hold by itself, to mean what it purported to mean and to have the powers which it was meant to contain.

So for the reasons I have just stated, I would like to carry out a further study of the amendment and perhaps bring in others tomorrow since there are substantial questions which were not answered at the committee stage. I am naturally going to consult my colleagues who sat on that committee and who have raised some important questions. I therefore move that this debate be adjourned until the next sitting of the Senate.

On motion of Senator Asselin, debate adjourned.

[*English*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### THIRD REPORT OF STANDING JOINT COMMITTEE ADOPTED

On the Order:

Consideration of the Third Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Forsey*).

**Senator Forsey:** Honourable senators, this particular report of the Standing—

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Forsey, seconded by the Honourable Senator Lafond, that this report be now adopted.

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

**Senator Forsey:** Honourable senators, I apologize to Her Honour the Speaker and to the House for this lapse on my part—this solecism.

**Senator Walker:** Think nothing of it.

**Senator Forsey:** This is a rather novel report from the Joint Committee on Regulations and other Statutory Instruments. I don't think we have drawn attention to anything of this sort specifically in relation to a particular instrument before, because in this particular report we are recommending that Parliament should pass amending legislation—an amendment to the Aeronautics Act. The reason why we are recommending this is that under our criteria for examining the instruments—criteria adopted by both houses—we look into the legal basis, the *vires*, of instruments which come before us, and we also look at them to find out whether, even if the enabling power is apparently sufficient, there is what we consider an unexpected and unusual use of the power conferred by the statute. There is here what we consider an unexpected and unusual use of the power conferred by the statute.

● (1430)

In this particular instance, the *vires* of the regulation at issue appears to be somewhat doubtful, as even the department itself recognizes. It says that the regulation has never been challenged and, therefore, we have no precedent against which we can determine its validity. The committee did not raise in any substantive way the question of *vires*, but merely said that even if this regulation is *intra vires*, it constitutes an unusual and unexpected use of the power.

What the regulation purports to do is to give the minister power to empower some other person to enter upon lands adjacent to an airport to remove excessive natural growth. The reason why the department wants this is that it has had difficulty in getting people to conform with the regulations prohibiting excessive natural growth in the vicinity of airports. So it decided that it should have a regulation giving the minister power to empower someone else to enter upon the lands and remove the excessive natural growth.

This appeared to the committee to be undesirable from its point of view, however desirable from the point of view of the department itself. It was undesirable from the committee's point of view because it constitutes a case of subdelegation, which does not appear to be explicitly contemplated by the act, and embodies the rather questionable view that subdelegation is permitted, is proper, is legal, whenever you get one of these magic phrases like "respecting" or "in respect of."

Section 6(1) of the act says that the minister may make a direction, a regulation may empower the minister to make a direction in respect of any such matter coming within section 6(1) of the act as that regulation may prescribe. But here you have a pretty wide interpretation of that rather slippery phrase "in respect of", and you have a subdelegation. It seemed to the committee that the desirable object which the regulation had in view should be provided for by an explicit provision of the act which would make it possible to do this in accordance with power clearly given by the act.

The committee recognized that the action was useful and necessary, but it was following its general principle, which I have sometimes stated in the words of St. Paul, "Let all things be done decently and in order." It is not sufficient that something should be useful, practical; it is not sufficient that it

meets a practical problem; it is not sufficient that it is administratively convenient. There is a tendency in some quarters, I find, among the officials to contend, in effect, that administrative convenience is a basic principle of our Constitution. The committee has had to take exception to this view on more than one occasion. This is not a very conspicuous example, but the problem is raised here. It could be put another way by saying that the committee regards it as one of its duties to point out to both houses of Parliament when there has been even slight apparent trespass upon the principle of the rule of law. If things are to be done there should be clear and emphatic and explicit words for them in the enabling legislation.

It is for that reason that in this report the committee recommends that the Parliament of Canada should take action to amend the Aeronautics Act so that there should be no doubt at all that the power which this regulation purports to confer is being exercised in accordance with the determined and determinate will of Parliament.

Motion agreed to and report adopted.

## NORTHERN PIPELINE

CONSIDERATION OF FIRST REPORT OF COMMITTEE—ORDER STANDS

On the Order:

> Consideration of the First Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Olson, P.C.*).

**Senator Olson:** Honourable senators, it is my intention to stand this order, but in doing so I want to give a brief word of explanation. I intend to speak to this report on Tuesday or Wednesday of next week, but I hesitate to stand the order until that time. It may be that some other honourable senator, especially a member of the committee, may want to speak to it between now and then, and for that reason I propose that it stand one day at a time.

Order stands.

## POST OFFICE

INCREASE IN POSTAL RATES BY REGULATION—INQUIRY WITHDRAWN

On the Inquiry of Senator Forsey:

> That he will call the attention of the Senate to the declared intention of the Government to effect the next increase in postal rates by Regulation under the Financial Administration Act rather than by an Act amending the Post Office Act.

**Senator Forsey:** Honourable senators, I wonder if I might have leave to withdraw this inquiry. The subject matter of the inquiry will come up when the bill now before the other place to establish the Post Office as a crown corporation comes before us. Any observations that I could usefully make can be much more appropriately made, and much briefer, when that bill is before us. For that reason, I ask leave to withdraw the inquiry.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Inquiry withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, December 14, 1978**

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

Prayers.

## YUKON TERRITORY

PRESENTATION OF SHIELD OF ARMS TO THE SENATE

**Senator Lucier:** Honourable senators, with Christmas so near it seems appropriate for the people of the Yukon to present a gift to the Senate of Canada.

This shield, which bears the arms of the Yukon, was hand carved by Mr. Jim Simpson and painted by Mrs. Faye Deer, both of Whitehorse. Close examination will show the great care taken by Mr. Simpson and Mrs. Deer to ensure that our shield of arms has been accurately represented.

On behalf of all Yukoners, I take great pride in presenting the shield of arms of the Yukon Territory to Her Honour the Speaker, and I look forward to seeing it in its proper place with the other shields on the door of the Senate chamber.

**Senator Perrault:** Honourable senators, I know that I speak on behalf of all honourable senators when I thank Senator Lucier for the magnificent hand-carved shield of arms of the Yukon Territory which he has presented to the Senate. It will be affixed to the door of the Senate chamber, from which it has been absent for some considerable time—indeed, since the construction of this building. It is good to have it now.

**Senator Flynn:** Honourable senators, I join the Leader of the Government in thanking Senator Lucier for his presentation of the shield of arms of the Yukon Territory. I think it coincides with the first general election that was held there, and I am sure that Senator Lucier is very happy with the result.

**Senator Perrault:** There is a little too much blue in the shield of arms.

**Senator Lucier:** Honourable senators, on a point of order, whenever an election is held in the Yukon and good people are elected, we are happy with the result.

**Senator Perrault:** Some elections are happier than others.

**Senator Flynn:** Others will come.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 20(2) of the National Film Act, Chapter N-7, R.S.C., 1970.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1977, pursuant to section 32 of the National Harbours Board Act, Chapter N-8, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, December 19, 1978, at 8 o'clock in the evening.

Before the question is put, I should like to tell you, as well as I can at this time, how things look for next week.

It had been expected that the Senate would sit on Friday of this week and on Monday of next week to complete our work in time to adjourn for Christmas on Thursday, December 21. I am moving the adjournment until Tuesday evening because we have been informed that it is unlikely that any legislation will come to us before that day, and it is quite possible that we shall not be able to adjourn for Christmas on Thursday next. As honourable senators are well aware, the Unemployment Insurance bill has been delayed in the other place and it could very well be that it will not come to us until late next week.

Meetings of four committees are already scheduled for next week. On Tuesday the Special Senate Committee on the Constitution will meet at 10.30 a.m. and 2 p.m.; there will be an *in camera* meeting of the Special Senate Committee on the Northern Pipeline at 2 p.m.; and the Standing Senate Committee on Health, Welfare and Science will meet at 4 p.m. to continue its examination of the subject matter of Bill C-14, to amend the Unemployment Insurance Act, 1971.

The Standing Senate Committee on Transport and Communications has arranged a meeting for 9.30 a.m. on Wednesday next on Bill S-6, the Shipping Conferences Exemption Act, 1979.

Motion agreed to.

## INDIAN AFFAIRS

PROPOSED MEETING BETWEEN CHIEFS FROM ATLANTIC PROVINCES AND FEDERAL MINISTERS—QUESTION

**Senator Flynn:** Honourable senators, I have a question for the Chairman of the Standing Senate Committee on Health, Welfare and Science.

In view of the meeting that was held this morning by some members of the Senate, under the chairmanship of Senator Bonnell, in the course of which we met certain Indian chiefs from the Atlantic provinces, I would ask the chairman if he has been able to arrange a meeting of this group with either the Minister of National Health and Welfare or the Minister of Indian Affairs and Northern Development, or both.

**Senator Bonnell:** Honourable senators, no arrangement has been made as yet, but I have been in touch with the ministers' offices. Both ministers were in cabinet this morning and had other commitments. A telephone number to contact the Indian chiefs was left with the ministers, and they are to try to contact the chiefs some time before 3.15 this afternoon.

**Senator Perrault:** Honourable senators, may I say that I have offered my assistance in this matter. As you are aware, Thursday is the regular cabinet day and the ministers have been extremely busy with their cabinet responsibilities. The cabinet meeting was a long one. Furthermore, the Honourable Monique Bégin appeared before one of our Senate committees this morning, as well as attending to her responsibilities in cabinet.

Shortly before 2 o'clock I sent a personal memorandum to the minister expressing the hope that, if her schedule would permit it, this important meeting would take place. I hope something can be done.

## INCOME TAX

### DEDUCTION FOR SMALL BUSINESSES—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government. Since the Minister of Finance brought down his recent budget, there has been a great deal of concern and uncertainty among small businesses in the service sector concerning the small business tax deduction. Is it the intention of the government to clarify what companies are specifically affected in order to clear up this uncertainty?

● (1410)

**Senator Perrault:** The matter is under intensive study and scrutiny at the present time.

## SOCIAL INSURANCE NUMBER

### REQUIREMENT FOR DOMESTIC AIR CHARTER BOOKINGS—QUESTION

**Senator Roblin:** Honourable senators, I would ask the Leader of the Government whether he is aware that another one of these unusual uses for the social insurance number has surfaced. The Canadian Transport Commission now requires that all domestic air charter passengers provide their social insurance number or other valid identification number if they wish to use the advanced booking system.

By what authority does the Canadian Transport Commission issue this mandatory regulation? Besides the social insurance number, what are the other valid identification numbers referred to in this request?

[Senator Flynn.]

**Senator Perrault:** In view of the recent controversy surrounding this subject, the honourable senator has asked an important question and I will take it as notice. The full information is not available to me at this time. No Canadian wants to see a misuse of social insurance numbers. That information will be obtained.

**Senator Roblin:** Is the leader favourably disposed to consider recommending to his colleagues in the other place the introduction of legislation to establish guidelines and limitations upon the use of the social insurance number or other identification numbers in order to protect Canadians against threats to personal privacy?

**Senator Perrault:** Honourable senators, may I suggest that Senator Roblin, with his extensive background in government, may wish to formulate, in more specific fashion, his suggested recommendations. I would be very pleased to convey them to the appropriate minister and to determine whether the government may be prepared to move in the directions he proposes.

However, may I suggest to all senators that during the next few months this may well be a subject that should be debated in this chamber. A number of important issues facing this country could well be debated in the Senate. They range from defence policy to social insurance numbers, agricultural matters, matters relating to the aged and to the disabled in this country. There is a wide range of human issues upon which the Senate could make a great contribution to this country by having full debates.

**Senator Roblin:** Honourable senators, I am much encouraged by the leader's statement, and I will take under consideration the advisability of giving him the opportunity he refers to. I would be encouraged even more if he were to assure me that at the end of the debate we would not be inflicted with the whips with respect to the vote. Then we might carry a little more influence in the other place than I am liable to exercise by myself or even with my distinguished colleagues in this part of the house.

**Senator Perrault:** I think the honourable senators who serve in this place have indicated their willingness to bring independent judgment to bear on all important matters affecting this country.

**Senator Flynn:** I hope this is an appeal directed especially to the members of this place who support the government.

**Senator Smith (Colchester):** Honourable senators, may I ask the leader a supplementary question relating to the subject matter raised by Senator Roblin?

Is it correct that his colleague, the Minister of Employment and Immigration, the Honourable Mr. Cullen, is intending to set up some kind of study committee to look into the use of so-called SIN numbers? If so, could we have the terms of reference given to that committee and when it intends to begin work?

**Senator Perrault:** Honourable senators, I do not have Mr. Cullen's statement and reported commitment available to me at my desk this afternoon. However, it is my understanding

that he has given that kind of commitment. I would hope that might form part of the reply which I intend to bring to the Senate just as soon as I am able to obtain it.

**Senator Rowe:** Honourable senators, I understood the leader to say that he hoped sometime soon to make a statement about the use of social insurance numbers. Could the leader assure us that that statement will include an answer to the question I asked a couple of weeks ago? I do not think the specific information in response to my question has reached him yet. The purport of my question was whether or not the practice with respect to the use of the social insurance number in the armed services was introduced with the approval of the members of the armed services, either individually or collectively, or in consultation with them.

I wonder if that could be made part of the statement that the honourable leader hopes to make.

**Senator Perrault:** Honourable senators, I do not have the text of my reply to that question in front of me. This reply was given a number of days ago, and I cannot say at this moment whether there were lengthy discussions on the subject with the leaders of the armed forces. Inquiries will be instituted with respect to this matter.

## QUESTIONS ON THE ORDER PAPER

**Senator Marshall:** Honourable senators, may I ask the Leader of the Government when I may expect to get answers to questions standing in my name on the order paper? Four of them have been on the order paper since October 31, which is six weeks ago, and seven have been there since November 20. Is there any reason these answers have not been forthcoming? They should be very simple questions to answer.

**Senator Perrault:** Honourable senators, the preparation of replies to questions asked in this chamber by honourable senators, as in the case of questions asked in the other chamber by members of that place, often involve a great deal of research and work. At times it is simply impossible to provide the information within a week or two.

## VETERANS AFFAIRS

CEREMONIES TO MARK THIRTY-FIFTH ANNIVERSARY OF D-DAY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Honourable Senator Marshall asked a question on November 21, approximately three weeks ago, and part of that question was as follows:

> Last Friday in the other place the Minister of Veterans Affairs answered a question having to do with the thirty-fifth anniversary of D-Day next June. The minister indicated that plans were being made. Could the leader assure us that we will be apprised of any progress in that planning so that we will be aware of the very important ceremony that will take place next June?

I have contacted my colleague the Minister of Veterans Affairs and he has provided the following reply:

> My response on November 17 was to the effect that I intend to lead a delegation to Normandy in June 1979 to mark the 35th anniversary of the D-Day landings. Officials of my department are currently formulating the plans for this pilgrimage and I will be announcing these plans in due course. However, I can assure you that, as in the past, I will invite participation from the Senate in this important function.

I trust this will be satisfactory.

## THE SENATE

REFORM—SUGGESTIONS BY SENATORS—QUESTION

**Senator Denis:** Honourable senators, a few months ago the leader asked senators to communicate to him their ideas on the subject of Senate reform. I think all honourable senators wrote to him to state what they thought about the matter. I think it would be a good idea, while the Senate Committee on the Constitution is still alive, to have a breakdown of the recommendations put forward on this subject by the members of this chamber.

**Senator Perrault:** Honourable senators, I would be most pleased to discuss with the chairman of the Special Senate Committee on the Constitution the views put forward by a number of senators on this subject. However, I can say in a general way that, despite one view held by certain people, the Senate is not zealously interested in preserving the *status quo*. Many senators have advanced some of the most progressive, constructive and useful ideas concerning the further improvement of this place as well as of Parliament generally.

● (1420)

## NEWFOUNDLAND

SALE OF LABRADOR LINERBOARD MILL LTD.—QUESTION

**Senator Marshall:** I should like to ask the Leader of the Government if any progress has been made with regard to the involvement of the Department of Regional Economic Expansion in the sale of Labrador Linerboard Mill Ltd., which is a very important issue in Newfoundland.

**Senator Perrault:** Honourable senators, constructive discussions and negotiations continue in a very heartening way.

## FUGITIVE OFFENDERS BILL

MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion in amendment of Senator Perrault to the motion of Senator McIlraith for the third reading of Bill S-9, respecting fugitive offenders in Canada.

[*Translation*]

**Hon. Martial Asselin:** Honourable senators, it is not often that the Leader of the Government moves an amendment to a

bill at the third reading stage. In my opinion, this shows that the committee has done an excellent job and worked efficiently since it convinced the Leader of the Government to consider the report and suggest amendments to the bill at the third reading stage.

I adjourned the debate yesterday because my colleagues and I wanted to have a closer look at the amendment moved by the Leader of the Government to determine whether we could accept it in its present form or whether we should make other suggestions.

Following discussions with Senator Wagner, we have concluded that we are not satisfied with the definition of "head of state" as contained in the amendment. For your information, I would like to read the definition contained in the amendment:

> (a) the murder, kidnapping or other assault on or restriction of the liberty of
>
> (i) a head of state, including any member of a collegial body performing the functions of a head of state under the constitution of the state concerned, a head of a government or a minister of foreign affairs

Senator Wagner noted that heads of state and ministers of foreign affairs are, of course, very prominent people, but that the other ministers and members of the cabinet are also important.

If the Leader of the Government in the Senate, who is a minister of state, went abroad and was kidnapped, this would not only be a great loss for the Senate, but I consider that it would be as important as if the Minister of Justice went on a visit to Africa and was kidnapped. I believe that the definition given here of a head of state, which includes the minister of foreign affairs, is not broad enough. We should add all cabinet members who travel abroad. I do not know how such an amendment could be worded, but I believe that the present text is too restrictive.

Senator McIlraith, with whom I discussed the matter yesterday and to whom I suggested that the definition was too restrictive, told me that the department followed one of a series of definitions given in the Criminal Code which also mentions the head of state and which says:

[*English*]

> "internationally protected person" means
>
> (a) a head of state, including any member of a collegial body performing the functions of a head of state under the constitution of the state concerned, a head of a government or a minister of foreign affairs, whenever such person is in a state other than the state in which he holds such position or office—

[*Translation*]

Of course, that definition was taken and applied as it stands. But since we are changing a law that is nearly one hundred years old, I am under the impression that the concept and the definition in the Criminal Code should be immediately broadened. I think it should also include all members or all ministers of a government going abroad who might come under an amendment that could be introduced by the Leader of the Government. That is my first point.



As to my second point, I do not have to tell you that personally I was somewhat disappointed that following the work of our committee there was agreement to let the minister keep the discretion that this legislation gives him with respect to the decisions of the courts. I said so on second reading. We discussed this in committee. I still think the minister, exercising his discretion following evidence laid before a court and a judgment made by that court, can under clause 18 say: "I am overruling the judgment of the court, and I am not returning to his country the fugitive or the person who was judged by a competent court to be *persona non grata*." Senator Smith argued in committee that such discretionary power was too absolute and, as it remains the prerogative of a single minister, it would be better for the Governor General in Council to be able in those exceptional cases to make the decision rather than leave it up to a single minister to overrule a decision of a court that considered the merits of the case.

My third point—of course, some might say that it is a repetition—is the change between Bills S-8 and S-9, a major change, as we suggested in committee, and the officials of the Department of Justice who appeared before the committee confirmed it. I do not accept the amendment made in S-9, particularly in clause 18, which says that, under the discretion I just spoke about, the minister may refuse to return the fugitive to his country if in that country he could be subject to a judgment or punishment excessively severe or inhumane for a returnable offence in respect of which his return is being requested. I find that extremely wide. I insisted in committee, as did my colleagues, on knowing what the minister could mean by "extremely excessive punishment." We asked whether there was a list of crimes that could be considered as extremely excessive punishment. Departmental officials told us that was not easy because of changing circumstances in different countries in which this extradition treaty will apply. We were told that it was difficult to give elaborate definitions of what constitutes extremely excessive punishment. I am under the impression that those punishments should have been listed to help the minister in the decisions he must make with respect to his discretionary, absolute power.

Honourable senators, those were the few comments I wanted to make following the amendment introduced by the Leader of the Government on third reading.

[*English*]

**Senator Flynn:** Honourable senators, if the sponsor of the bill does not want to reply to those observations, I think the matter raised by Senator Asselin is serious enough to warrant our referring the bill and this amendment to committee. There is no rush. This is a Senate bill. It was initiated here. It certainly cannot pass the other place before Christmas. It is possible that next week we will be able to spare an hour to look into this question. The point is well taken.

• (1430)

**Senator McIlraith:** May I ask the Leader of the Opposition which amendment he is speaking about? I am not quite clear.

**Senator Flynn:** The amendment proposed by the sponsor of the bill which, it appears, refers only to a minister of foreign affairs, and apparently would exclude other members of the government. I have not looked at all the definitions in the code, but when the amendment singles out a minister of foreign affairs it puts him on a superior footing. Why would not the other members of the government be included? Like Senator Asselin, I am speaking of the Leader of the Government in the Senate, who is as precious as any other member of the administration.

**Senator Perrault:** Would I be ransomed?

**Senator Flynn:** They would probably get a higher ransom for him than for the present Minister of External Affairs. The question is serious enough. Since there is no rush about this bill, we should refer it back to committee in order that the amendment and its implications may be studied.

There is another point that might not be received as favourably by honourable senators, and that is whether the discretion not to extradite a person should be solely that of the minister or Governor in Council. Personally I could live with that, but perhaps the committee could look into that aspect again, if honourable senators think it necessary.

I would move, therefore, that the bill be not now read a third time but that it be referred back to committee for consideration of the proposed amendment. I consider that the wisest course to follow.

**Senator McIlraith:** Honourable senators, before replying to the question raised by the Leader of the Opposition, I should like to make some remarks which may have some bearing on part of what he said.

**Senator Flynn:** I was waiting for that, but you did not rise.

**Senator McIlraith:** The proposed amendment that is before us is, of course, not clearly understood. It follows the same procedure as that followed in situations involving diplomatic immunity. We are not dealing with that. Diplomatic immunity in other countries operates only in a certain limited way. It is very limited. It does not become applicable to all ministers of the Crown in our country, or to corresponding ministers in other countries. The difinition here concerns a political offence, and it is not clear.

The wording of the definition we are concerned with deals in a negative way with those situations where there is alleged to be a political offence, which is described by reference to a definition in the Criminal Code. The definition is negative. It says that an offence of a political character does not include certain crimes, one of which is murder. The amendment is intended to make it clear that the murder of a head of state, and so on, cannot be alleged to be a political offence.

**Senator Flynn:** But that does not reply to my question.

**Senator McIlraith:** I realize that, and I am coming to it. I wanted to make the point, as far as I could. However, I may not have satisfied the point, and I am the first to recognize the deficiency in that argument. But, this amendment is designed to clarify the language used in the clause.

The Leader of the Opposition is now arguing that the bill should be referred back to committee for examination. Leaving aside that point for the moment and considering the other point raised by Senator Asselin, I see no need to refer the bill back to committee. In my view, the matter is not arguable. Perhaps there was a misunderstanding of my explanation in that I did not make it sufficiently clear why the discretion in clause 18 is necessary or desirable.

The situation is that the Fugitive Offenders Act applies to those countries within the Commonwealth which recognize the Queen as head of state. In practice it applies to 12 countries and territories. Those countries, because they are parliamentary democracies, follow the rule of law, and have a standard of law that we understand. They are akin to us. This bill brings all members of the Commonwealth into its orbit. There are more than 70 countries and protectorates in the Commonwealth, and a wide range of forms of government. From the point of view of standards, some forms of government are totally foreign to us.

**Senator Flynn:** Name one.

**Senator McIlraith:** I have thought about that. There is one that I have in mind.

**Senator Flynn:** So have I.

**Senator McIlraith:** In fact, there are several that I have in mind, the government of each being under the control of one man, whatever his title might be. I have read the constitutions of some of those countries, and to a Canadian's way of thinking they are shocking documents. In any event, in those countries one man has absolute power, and it includes the power to make laws in a way that is totally foreign to us. He has absolute power over individuals. Knowing that, and knowing that the same situation obtains in some other countries which come under the Extradition Act, where governments change very rapidly, literally overnight, and sometimes with violence, and where action is sometimes taken in an arbitrary way which is beyond our comprehension, surely some kind of discretion is needed.

The difficulty about putting the discretion in the courts, where a more limited discretion exists now under the present Extradition Act, is that there is no way of getting information from the courts or governments of such countries, as the case might be, that would constitute the kind of evidence we would need if we were going to put the discretion in the court. Distasteful as it may be to give a minister the discretion, as a general principle, I can see no way of avoiding that.

• (1440)

If any honourable senator can suggest another way of approaching this problem, I would be glad to hear it. I certainly have not been able to come up with one, nor have I been able to obtain any suggestions along these lines, in the

discussions I have had with them, from the officials who actually work with these problems. I have been perfectly frank with the Senate, I think, in voicing my own views on the question of ministerial discretion, but I see no way of avoiding it. The facts of the world situation as it exists today are such that honourable senators, surely, could not leave a Canadian citizen who happens to be in a foreign country, or a foreign citizen who happens to be in Canada, in a situation in which there is no arbitrary power beyond the remedies that must be supported by evidence produced in court, and which may result in either one being prevented from being returned to his own country.

That is the whole case on that point, and I hope that honourable senators will not ask that the bill be sent back to committee on that aspect of the matter.

With regard to this precise question of referring the amendment that is now before the house to committee, I wonder if honourable senators would agree to leave this matter open until Tuesday night, and let me continue my remarks on it at that time.

I gather that Senator Smith (Colchester) has a question. If so, I shall be glad to try to answer it.

**Senator Smith (Colchester):** I congratulate the senator on his powers of observation. I did not know it was so obvious that I wanted to say something, but I thank him for his invitation.

It may be—and this is not meant in any unpleasant way at all—that the argument he puts forward for not leaving this matter to a court carries a good deal of weight, but that is not really the point that some of us are arguing. We were saying that matters of this kind, which are of such vital importance to an individual in connection with his human rights—and his legal rights, too, for that matter—ought not to be left to the unfettered discretion of the minister. At least, it ought to be a matter for the Governor in Council to deal with.

Incidentally, I was present when the committee was considering this bill, and although I do not have the proceedings before me, as I should have, my recollection is that on this point the only argument was that there might be quite a lot of such cases, and that it would not be convenient to have them go to the Governor in Council. Those are not the exact words, of course, but that was the sense that I got from the reply by the officials to questions that were asked of them on this very point.

Once one abandons, for good reasons, the idea of confining discretion to a court, then surely one has more than a single choice after that when it comes to finding a place where the discretion should be lodged. The argument, just to repeat it, is that there is no reason why it should not be given to the Governor in Council, so as to afford as much protection as possible to the individual whose legal and human rights are being considered and determined, rather than be placed in the hands of the minister.

**Senator McIlraith:** I am quite willing to look further at that point, but there is one thing the honourable senator is missing. He has forgotten the basic element in our whole system of government, which is that the discretion granted to a minister is subject to the answerability of the minister to the elected representatives of the people in the House of Commons. That is a very good and important check on the exercise of such discretion by a minister. Regrettably, I had to leave the committee meeting early, but that point was omitted when the matter was under discussion there. It is an important point, and it is an important check when it is individual human freedoms, or whatever you call the subject matter of the discretion in this case, that are being dealt with.

I shall look at this point again, but I am not certain that an order in council adds anything. It would be possible to argue—although I will not advance the argument—that taking the discretion away from the minister may dilute the responsibility and the exercise of it. I will leave it at that. I do not advance that argument, as I say, but certainly it is worthy of note.

**Senator Smith (Colchester):** I thank the honourable senator. I do not wish to prolong the discussion, but I do assure him that not for one moment did I forget that the minister has to account to the elected representatives of the people. In my view, however, that is not enough in the circumstances, and really, while I recognize that the honourable senator puts that argument forward in the utmost good faith, I do not think I would find it difficult to point to quite a number of instances of the exercise of discretion by ministers within recent memory that I would not consider sufficiently checked or restrained by the fact that they had to account to the elected representatives of the people.

On motion of Senator McIlraith, debate adjourned.

## STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1978

THIRD READING

**Senator Langlois** moved the third reading of Bill S-10, to facilitate conversion to the metric system of measurement.

Motion agreed to and bill read third time and passed.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Lang*).

**Hon. Jack Austin:** Honourable senators, Senator Lang has agreed to my proceeding in his place this afternoon, with the consent of the Senate.

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

**Hon. Senators:** Agreed.

**Senator Austin:** Honourable senators, I have a few remarks to make on the Canadian Constitution and the report of the

special committee, and I begin with an apology for their length. I can only say in my defence that there are others I wish to address besides the honourable senators in this chamber, and I feel that I must speak in some detail in order to make my points clear to those outside this chamber.

I would like to begin with an illustrative story. Peter Peterson, once a senior economic official of the United States government, and now a partner in a Wall Street investment firm, knows a good deal about Canada and, while speaking to a dinner meeting of the International Chamber of Commerce last year, he told this story about us to that distinguished audience. Canada once thought it had everything going for it. The Canadians believed that they could combine the benefits of American efficiency, French culture and the British system of government, but things turned out differently; they ended up with American culture, the French system of government and British efficiency.

No doubt this was amusing to the audience, but for me the story bites, because it suggests the image of a nation which is in danger of having its future behind it. Where once we were universally admired for our skills in combining economic growth and social justice, we are questioned about our economic competitiveness and our sense of national purpose. Where once the label "Canadian" stood for leadership in many areas of international economic and social development, we now have the image of a quarrelsome and complaining people who have turned inward upon their own affairs and have lost their momentum.

● (1450)

In October, I attended a conference in Thailand called "Williamsburg VIII", sponsored by the Rockefeller Foundation. It was on economic and cultural affairs affecting South-East Asia and the Pacific Basin. At the beginning of the session, a home-country report was given by someone from each country represented there. As I was the only Canadian, the lot fell on me to talk for a few minutes about Canada. I thought I told a good story. But, the questions that came to me had a tone that was either apologetic, hesitating, or downright sceptical. Whatever the tone, the essence of the questioning was, "What's happening in Canada? We do not understand how such a prosperous, educated, politically-free country can be doing itself so much damage. Why are so many Canadians so unhappy about their country?"

Canadians think they can quarrel in the family and no one outside the national house will hear them. We think that when we go out into the world everything will be as before. That just is not true. By our internal divisions, we are affecting in a major way foreign investment confidence in ourselves. Just look at the performance of the Canadian dollar in world money markets. Our credibility in sales and marketing abroad is affected by these uncertainties at home. If an American and a Canadian product are competitive in price and condition, the foreign buyer will often take the U.S. product because the Americans seem to be more reliable, and there is political and economic security in the transaction. Why take a risk on the quarrelsome Canadians?

Can there be anything more simple or more profound than that the world does not owe us a living? We have to make that living on our own. Increasingly, the problem is that by our inwardness and preoccupation we are not attending well enough to a changing, competitive world. We are missing the confident, competitive, flexible and dynamic edge we used to have and for which we were admired. We have to get it back.

It is not a question of whether Canadians have the ability. Of course we have. The question is whether we can find and assert a collective will to stay in the world as a full and contributing member. I abhor the remark one former U.S. friend made to me in jest when, trying to be funny, he told me, "At the rate you are going, Canada—or what's left of it after Quebec and Alberta separate *de facto*, if not *de jure*—will become famous as the 'sick man of North America'."

I say to honourable senators that those who assert that the debate on national unity and on our constitutional nature is sterile and useless, or not worth paying attenton to, could not be more tragically wrong. However it started, or whatever its rational validity, the truth of the matter is that our energies, our talents, our purposes are preoccupied.

In time, by not attending to the tasks of a competitive world, we will self-destruct. Therefore, let us all turn to the task of national unity with a will, with an urgency, and with a sense of national purpose and reconciliation. We are a nation born of the compromise of absolutes. We know, and we have always known, that when views are firmly held in opposition to one another it is better to be patient, to be cool-headed and to be tolerant. It is better because the alternative is unthinkable in Canada.

To renew ourselves, we must employ again those old skills of compromise and work a new national will to join as a nation for the tasks the world now challenges us with.

It is impossible for any of us, as individuals, to deal comprehensively with all of the main subjects of the national unity debate. The report of the special committee presented on October 19 and Senator Stanbury's address to this chamber on October 25 make an excellent framework within which to proceed. Indeed, I have not seen anywhere a more responsible or aggressive attempt to deal with the issues raised in the government's white paper or in Bill C-60. Within this framework, and on this particular occasion, I intend to mention my concern with three major aspects of the constitutional debate.

What is most remarkable in the present debate about the nature and the role of the Senate is the nearly total ignorance of us which exists in the other place, the press and therefore, naturally, the general public.

If it were only ignorance, we could quickly repair the matter by pointing out what I believe to be a highly creditable record of public service. Unfortunately, ignorance is coupled with indifference and even hostility. Why is this the case? I do not believe we can deal intelligently with the role of the Senate unless we directly address ourselves to this question at the beginning.

I have had many opportunities, since being appointed to the Senate, to discuss our image with all manner of people. Very few Canadians know what we do. For many the impression is that we do nothing. By itself this comment could be met and turned aside on its lack of merit. We have been of significant use in our analysis of legislation, our committee work on policy, on government administration and many other factors I will mention. Those of the public and of the civil service who have appeared before us will and do bear us good witness.

Some Canadians hearing my comments about the Senate are interested; a few are even impressed. I am asked, "Why do we not have more sources of information? Why do we hear only criticism and never the sort of things you are saying?"

I have thought about these questions quite a lot. There exists in Canada an attitude of hostility toward us, based on what is perceived to be our non-democratic, privileged status. There exists in elements of the press, the academic community and even within the ranks of political parties represented here and in the other place, an attitude of antagonism towards second chambers in general.

Stanley Knowles, with his bills presented annually in the other place to abolish the Senate, typifies a century-old radical socialist bias. I am not certain what is in his mind. Chief Justice Hawke of the old Equity Court of England said, hundreds of years ago, "The devil himself knoweth not the mind of man." I do not pretend to know what is in the mind of Stanley Knowles, but my surmise is that Mr. Knowles carries in his head an ancient suspicion that non-elected chambers are a bastion for the protection of the privileged, and that a second chamber would only serve to frustrate the exercise of the will of socialism should his party ever be so fortunate as to capture power in the lower house.

No doubt, in earlier times, a second chamber was a manifestation of a conservative philosophy requiring an institutional check upon democracy and, in particular, the possibility of excesses of enthusiasm by an electorate thought to be not quite aware of the responsibilities of power. However, we are decades past any such belief about the electorate in Canada, and, indeed, the greatest criticism of the Senate to be heard nowadays is that as we do not ever act in restraint of the lower house, and, therefore, do not perform our proper function, we can safely be removed.

What Stanley Knowles and others who stand with him have failed to notice is that the role of the Senate has evolved. Today the Senate is not primarily a check on the will of the people as expressed in the other place, nor should it be if that will is expressed in a responsible, tolerant, fair and democratic way. Where both chambers are acting reasonably, the will of the lower chamber should prevail. We have long recognized that principle in our practice.

I submit that our primary function today is to act as a check on a lower house dominated by the executive. In other words, our legislative role and purpose is to defend the nation against an arbitrary executive which, through party discipline, has captured the free will of the government's supporters. All who think about governmental process know it could happen, so, in fact, we exist to protect one of Stanley Knowles' most strongly held principles—the protection of the people against the will of an arbitrary executive. No doubt Mr. Knowles will be grateful to have me point this out.

In 1917, when the power of the executive was not so well developed as it has become today, Sir Clifford Sifton wrote:

> It must also be remembered that, under our system, the power of the Cabinet tends to grow at the expense of the House of Commons . . . The Senate is not so much a check on the House of Commons as it is upon the Cabinet, and there can be no doubt that its influence in this respect is salutary.

Perhaps Stanley Knowles looks upon the argument as a camouflage under which philosophical conservatives may fight the social achievements of government or prevent the use of power by a socialist government if elected? There is no argument that convinces everyone, but I cannot leave this discussion without quoting the late R. H. S. Crossman, a leading British Labour Party intellectual and cabinet member who wrote:

> The growth of a vast, centralized state bureaucracy constitutes a grave potential threat to social democracy. The Socialist must be courageous enough to admit that the evils of oligopoly are not limited to the private sector . . . The idea that we are being disloyal to our socialist principles if we defend the individual against its incipient despotism is a fallacy.

There are other justifications for a second chamber, and they are so obvious that I offer them here with apologies. At the most elementary level there is what the philosophers call "a universal desire for a multitude of counsellors." There is the common sense or wisdom of going slowly in matters of principle and of thinking twice before a decision is made. These elementary concepts were manifest in the councils of the city states of Greece, the Senate of Rome and the councils of the German tribes, all of whom developed political insights which in theoretical terms, at least, we have not much improved on. One writer tells of the Germans:

● (1500)

> Their ancient . . . governments had all of them a wise custom of debating everything of importance to their state, twice; that is, once drunk, and once sober; drunk—that their councils might not want vigour; and sober—that they might not want discretion.

As we are known as the body of "sober second thought" it is easy to conclude where we fit in that description.

**Senator Flynn:** Would you rather change to the other role?

**Senator Austin:** Not at all.

I have great difficulty in understanding Stanley Knowles when he argues that a second chamber is not necessary in a federal state, for that is the implication of his bills. Most of the thrust of proposals for Senate reform, including Bill C-60, and the Conservative Party's notion of a House of the Provinces, as well as of academic writings—

**Senator Flynn:** That is unfair. It was only a working paper.

**Senator Austin:** All right, some of those in the Conservative Party who have a notion of a House of the Provinces accept that in a country geographically as large as Canada with its pupulation widely distributed, but concentrated in two of its regions, no chamber elected on the basis of population alone can adequately find a balance between the popular will of the majority on the one hand, and the needs of those whose regional experience is different from the majority on the other. In the popularly elected chamber, the will of the majority must be followed, but it is a will which at times can be expressed in the form of a tyranny of the minority.

How is the minority to be protected? The universal answer has been by a house of the regions, however formed, and in its very essence a second chamber exists to defer temporarily the will of the majority where a substantial minority is affected, or an important change in constitutional principle, whether public or private in nature, is proposed. Yet, Stanley Knowles, for all his undoubted and sincere devotion to the oppressed, the minorities and human rights, and to the questioning of every exercise of authority, seems to have no doubt that the lower house can never err, that the executive need never be checked.

Perhaps there has never been a more thorough debate about a constitution and the nature of the legislative and executive branches than that which took place in the United States at the end of the eighteenth century. The "Federalist" papers make fascinating reading for any who are seriously interested in these questions, and it would be hard to make a better justification for a second chamber than is found there. These were documents well known and considered by the Fathers of Confederation before their work was completed in 1867. Indeed, Sir John A. Macdonald was reportedly fond of quoting George Washington's famous simile that the Senate was a saucer to cool the legislation that was poured into it.

The Fathers of Confederation adopted a concept of checks and balances found in the United States Constitution, in turn based on the philosophic work of Montesquieu, in order to have restraint of the lower house and the executive, but also because that system expressed in regional terms within the federal state some opportunity to guarantee and protect the interests of the political units which previously had some autonomy.

Professor K. C. Wheare has expressed his conclusions about such debates by saying that:

> There was a constant fear that the general executive and legislature, depending primarily on numbers, may adopt policies in foreign and domestic affairs, which might be opposed but ineffectually opposed by the less populous areas which are less strongly represented in the lower house.

Honourable senators, the same considerations have led to second chambers in which the regions or other political units are represented in all of the geographically large democratic states, including the United States, Australia, India and Germany.

Aside from acting as a check on the executive, and as a representative of regions and minority interests, the second chamber has a third major function which is vital in a constitutional democracy such as Canada. Life is growing more and more complex and the days of the encyclopedic man are over—with the exception of our friend, the Leader of the Opposition. The lower house simply does not have the time, or often the expertise, to deal in detail with everything before it. We have often seen badly drafted legislation, sometimes unworkable legislation, but legislation which is sound in principle. If we had not, perhaps Stanley Knowles would convince me a second chamber was redundant.

In my judgment, the technical assistance of a second chamber is undoubted. How can the lower chamber deal adequately with a large body of governmental and private experts? They have existing political work to do in the expression of the public will, often diversely interpreted, and in testing the strength, resolve and purpose of the government of the day. The second chamber's review of policy and technique is a significant alleviation of the burden of the lower chamber, which must be a forum for political discussion at the national level. John Stuart Mill said it best in his work, "Representative Government":

> —if one House represents popular feeling, the other should represent personal merit, tested and guaranteed by actual public service, and fortified by practical experience. If one is the people's Chamber, the other should be the chamber of statesmen; and council composed of . . . men who have passed through important political office or employment.

In fact, he advocated an appointed Senate!

Now, honourable senators, I have done the best I can with the question of the justification for a second chamber. I turn to my next topic, to ask the further question posed in Bill C-60, discussed in the committee's report and canvassed by us all: How should this chamber be constituted and how appointed?

Let me explain my next remarks by telling you a short story. One philosopher was curious about a colleague because no matter what he asked he always got a question in reply. One day he said, "Colleague, how is it that whenever I ask you a question you always answer with a question?" "Why not?" was the reply.

The answer to my question is another question—A second chamber for what kind of society? The Senate, whatever its reform, must be, and must be seen to be, relevant, useful and responsive to the national community. Each of us has his own window on Canada. We see and understand Canada in shades of difference. Our political leaders have recognized this difference and told Canadians through the years that our cultural diversity was a strength, not a weakness, that our geographic diversity was a strength, not a weakness, so long as we kept our political unity and shared in a fair way the economic benefits of our nation. This has always been the formula for a national success story. It cannot be varied without great harm to this country.

Today there are strong forces at work seeking to weaken our political unity, and in the case of the Parti Quebecois, to destroy it. These forces are real, persistent and dangerous. They are based on pessimism, negativism and parochialism. If allowed to succeed, they will undermine the political and economic well-being of us all.

However, not all the forces of regionalism are negative and destructive. Some are beneficial, seeking chiefly to express in a better way the needs of Canadians living in various places in Canada, and asking for new and more adequate forms through which to express and satisfy those needs. Canadians, particularly in roles of leadership at the political level, must have the wit and the skill to capture those positive regional forces in a way that can reinforce Confederation and the commitment of Canadians everywhere to our national unity.

The grasp of this basic concept within the provisions of Bill C-60 affecting the Senate is, to my mind, fundamentally sound. I hasten to say, before I am misunderstood, that I have many objections to the House of the Federation as described in Bill C-60, but I emphasize my conviction that the sponsors of Bill C-60 have correctly and intelligently understood the problem that has to be dealt with. The positive forces of regionalism cannot and should not be opposed. To do so would be to damage Canada.

The positive forces of regionalism must be harnessed in a form which constitutionally expresses our political unity. My regret is that I cannot follow the drafters of Bill C-60 in their conclusion about implementation of their central theme. The central theme of Bill C-60 as it affects the Senate is to bring regionalism, as it is expressed through the provinces, back into the federal process so as to return Ottawa to its place as an effective clearing-house for the political demands and trade-offs of our nation. If this cannot be achieved, then the drafters of Bill C-60 believe, as I believe, that decentralization will continue to gain support and ultimately the ties that bind this country will come loose. It will then be each entity on its own, and the devil take the rest.

● (1510)

The drafters of Bill C-60 saw the Senate as the central place for the expression of that positive Canadian regionalism. I think they were candid enough to admit that, if we did not think it would work in the way they conceived, they would be glad to have our suggestions. I am certain that in the work of the Special Senate Committee on the Constitution, and its forthcoming report, the government will have a practical foundation for making changes in the Senate which will greatly improve the ability of this chamber to do its public business and to express much more effectively its regional responsibilities.

As I have said, the Senate was created to express regional interests within our Confederation. At Confederation the smaller provinces proportionally were given a much greater representation in the Senate than in the lower house. Quebec conceded representation by population in the House of Commons, quite a step forward from the stalemate of the Province of Canada, but in turn was given explicitly an equality of representation in the Senate with Ontario. George Brown, speaking in the Confederation debates stated:

> Our Lower Canada friends have agreed to give us representation by population in the Lower House, on the express condition that they shall have equality in the Upper House. On no other condition would we have advanced a step.

I have spent some time in looking at the basic arrangement that we know as Confederation. If the British North America Act is a part of our Constitution—and it is—and if our Constitution is to be interpreted in the light of the checks and balances established by the Confederation debates, then I cannot see how the Senate can be fundamentally changed by the legislative will of Parliament alone.

Of course, appointment, retirement and tenure can be changed by the will of Parliament, but not so as to frustrate the ability of the Senate to carry out its assigned constitutional role. Additionally, th legislative powers assigned to the Senate in the BNA Act were seen as necessary to the bargain or regional representation. I harbour serious doubts that constitutionally the Senate, by Parliament alone, could be rendered less able to act effectively.

The Supreme Court of Canada has before it perhaps the most fundamental of constitutional questions it has ever been called upon to deal with. Its decision will go to the very nature of our national political balance. Notwithstanding what the Supreme Court of Canada may say or do, both this debate and the report of the Special Senate Committee on the Constitution call on us to look at the merits of the changes proposed by Bill C-60. I want to focus on the issue of how best to constitute this upper chamber.

As we stand today, we are what various writers and some of our distinguished predecessors in this chamber have called a "political judiciary". We have used the analogy of judicial appointment by the elected government of the day. As judges must be protected from, and be independent of, the will of the executive in order to produce justice between subject and subject, and equally between subject and the state, so must an upper chamber be free to consider its responsibilities to the regions, to minorities and to the constitutional framework of our nation. This thesis argues that if it is the responsibility of the upper chamber to defend the nation from the will of a capricious executive which controls a tame lower house, then the members of the upper chamber must themselves be protected from, and independent of, the will of the executive. The cornerstone of this system is the inability of the executive to remove those whom it does not favour.

Honourable senators, I do not feel I need go on at length in describing the present theoretical basis for the Senate, although there is much more that could be, and needs to be, explained to the public. Accepting the compelling quality of the argument, the problem has been that the Senate has not appeared so effective in practice. We are asked such questions as: When has the executive been capricious? When have you defended regional interests or spoken for the minorities? When

have you acted independently? We have the answers but, as I have said previously, we have not made them plain.

Let me point to the case of a high public servant, about to be dismissed by legislation, who was not offered a parliamentary hearing in the other place. Let me point to the Standing Senate Committee on Agriculture and its superb study of Kent County, New Brunswick, or the work of the Special Senate Committee on Poverty and its leadership in espousing the cause of low income groups. Let me point to the work of the Senate in dealing with the Maritime Code, or with bankruptcy legislation, or with the bill for the protection of borrowers and depositors.

To act independently is not synonymous with acting noisily or outrageously or in a confrontational way. We have, time after time, been more interested in results than in publicity, but that has kept our good deeds from the awareness of the people, while leaving our imperfections to stand by themselves.

There have been other criticisms of our format. Some say the term of office is too long or that there are many who do not perform a real public service—perhaps through illness, but not always—or that appointments are too much the patronage of the Prime Minister, or that there is not enough representation here from the provincial level of national experience.

Tenure is a question I do not propose to resolve even to my own satisfaction in this speech, but the essence of one answer to that problem is in allowing or even encouraging a form of retirement for those who are past good full-time service, perhaps along the lines of judicial retirement. In regard to appointments, I believe the Prime Minister has done an outstanding job of adding experience, ability and youth to both sides of this chamber. We may want a different method of appointment, but let us not fool ourselves that it will necessarily bring better people here. Without excluding anyone, I hope that any new system of choosing will also bring to the upper chamber men with the ability and experience of, say, the Honourable Jean Marchand and the Honourable Bud Olson on the government side, or the Honourable G. I. Smith and the Honourable Duff Roblin on the opposition side, to name only some of the Prime Minister's recent excellent appointments.

Honourable senators, we come from every part of the country and from many walks of life. We have, among our present membership of about ninety, some six former premiers, several former provincial opposition leaders, many more who were members of provincial legislatures, some who were mayors or reeves—all of whom form a total of about a third of our present membership.

Yet Bill C-60, as well as the report of the Joint Committee on the Constitution in 1972, argues that we are not composed in a way that best represents regional interests. They seek to repair this supposed defect by allowing the provinces access to the appointment procedure, either by allowing premiers to make some or all appointments or to make up lists from which the Prime Minister might select, or by some other form of federal-provincial consultation. Bill C-60 proposes that senators be chosen by Parliament and by the respective provincial legislatures, on the basis of the popular vote in the immediately preceding federal or respective provincial election, as the case may be.

Well, if any one of these proposals would result in stilling the acrimony of the federal-provincial debate and achieving the conceptual objective of Bill C-60 to make the federal system effective in accommodating regionalism, I would be for it. However, it is clear that the premiers will not play. With the sole exception of British Columbia, they see no advantage to their emerging aspirations in the confines of a new legislative role within the federal system. The majority vastly prefer the negotiating game of federal-provincial conferences to the legislative game of a reorganized House of the Federation where their individual power may be limited.

Frankly, I am relieved in a way that may be different from what many of you think. The rejection of Bill C-60 by the provinces does not let us off the hook of considering a more effective way to constitute a more viable upper chamber. It does allow us now to look at ways of doing so entirely within the federal process. Therein lies my sense of relief, for I found it difficult and distasteful to conceive of an effective, strong and nationally representative federal system where the provinces would be encouraged to debate and focus on their sectional political interests and with little likelihood, in fact I think none, of carrying on any of the other essential functions of an upper chamber. Provinces would in their nature come here to make deals, and not to act as constitutional guardians of the national interest.

I feel that, in practice, Bill C-60 might well have led to unrealizable provincial expectations, followed by their rejection not only of the new institutional role but of the federal system as we know it. The Bill C-60 system in relation to the upper house seemed to me to have a high risk exposure.

Yet the core idea of Bill C-60, to restore the legitimacy of our central institutions, as the national brokerage of regional and national interests, remains as valid and essential as ever. That being the case, I would like to propose, for consideration by the Senate committee, a system for incorporating positive regional forces within the Senate that is also entirely within the federal process. It takes essential elements of Bill C-60, and even of the ideas of the opposition parties, and rolls them into a method of selecting senators that I believe would give this chamber a more effective mandate to carry out the role of a second chamber as I have described it. It does not threaten or propose to change the present format of federal-provincial relations, but I believe it would greatly enhance the federal credibility in the nation.

● (1520)

Simply, I propose, first, that the Prime Minister, and each of the leaders of the officially recognized national parties represented in the other place, issue on or before the closing date for the nomination of members of Parliament for election to the House of Commons a list of names, in order of priority, of those designated as candidates for indirect proportional election to the Senate. This party list thus would be well

known to the public at the time of the holding of the federal election.

Second, as the federal voter casts his or her ballot for election of a member to the House of Commons, that voter will also cast a separate party ballot indicating a popular vote for the Senate list. Each of the parties will thus win seats in the Senate based on their popularity with the voters. Thus, if in British Columbia we had 10 senators—and I agree with the Premier of British Columbia in his recommendation for a larger British Columbia representation here—and the parties got 45 per cent, 35 per cent and 30 per cent respectively, then in priority the first party would have elected the first four on its list, the second party the first three and the third party the first three.

Third, the necessary independence of senators from the executive would be ensured by traditional voting patterns which indicate that rarely would the Senate have a majority of senators from one party. Many governments have received less than 50 per cent of the popular ballot, but they have still won a majority in the House of Commons. In addition, however, it could be stipulated that each senator so elected had the right to be given at least the same priority place on the list for all and any federal election which may occur in a period of, say, 10 years from the election which brought the senator to office.

Some words of explanation are called for—perhaps many words, in the view of some honourable senators.

First, this proposal would recognize that a provincial government is elected primarily to manage the affairs of a province, that the member of the Commons is elected to represent his immediate constituency in the federal process, and that the senator elected from his entire province is the representative of the regional interests that chose him.

Second, the mandate of the senator to represent those regional interests would be enlarged by virtue of his or her being chosen by a group of politically like-minded voters. The premiers would have a competitively significant institution, claiming to speak for the people of the province.

Third, as the list is chosen by the national party leader for each province—and wise choice would indicate wide consultation before the list was made final—the party leader could select outstanding people in the respective regions to represent those regions. I do not see any difference in this proposal from our past practice. The selection might enhance the election chances of the members of Parliament. If a vacancy occurred in the Senate during a Parliament, I would leave it to the Prime Minister of the day to fill it by appointment.

Fourth, Bill C-60 proposes more ministerial appointments in the Senate and the appearance of ministers in either chamber. I find this most desirable. However, I would allow confidence motions only in the House of Commons. For my part, the directly elected chamber must remain the paramount centre of responsibility to the people of Canada. For that reason, the Prime Minister and the Leader of the Opposition must always sit in the House of Commons.

[Senator Austin.]

Fifth, and finally, in this description, I would add that perhaps the legislative power of this upper chamber should be reduced, and perhaps not. I am attracted to the idea that appointments to the Supreme Court of Canada and to key federal boards and agencies should be confirmed by the Senate. The present government recognizes the need to add regional credibility to these appointments so that they can withstand the assaults of premiers with other objectives in mind.

Honourable senators, I believe there are many constructive changes that can be made to the "independent judiciary" theory of the role of the Senate. I would be quite happy if we went on under the present system of appointment, or a modified form of it, because I think we could serve the people. Or we could use the system of election of the judiciary which I have outlined. After all, the initial election of judges in the United States has been, for the most part, a satisfactory system, and one which has preserved their democracy. One of my great judicial heroes, Mr. Justice Benjamin Cardozo, first came to the bench that way. As I have said, I believe the proposal to have merit and I commend it to the Special Senate Committee on the Constitution for serious consideration.

Honourable senators, I beg your indulgence for five minutes more. I would like to speak briefly about the role of the deputy minister in our constitutional practice. This is a role with which I have some considerable familiarity, and I believe that amendment and a renewed understanding of the responsibilities of a deputy minister are necessary.

No proper overview of government in Canada can be given without making some comment on the role played in our public affairs by the senior ranks of our Public Service. Their influence is pervasive in so many ways, as managers of fact gathering and of programs, as analysts of both policy and process, as champions of this or that value judgment, in advising on and influencing the decision-making process, and in acting ultimately as gatekeepers, along with others in our society, to ensure that we maintain a balanced and effective constitutional and democratic system.

We have been fortunate in Canada in developing and maintaining an able, publicly motivated and honest civil service, comparable with the best to be found anywhere in the world. I am proud to have served in its senior ranks, and I do not share—in fact, I abhor—the "bureaucrat bashing" which is fashionable these days in many circles in Canada.

Let me be clear that I fully realize a state of perfection has not been achieved by the Public Service. It is composed of a good relative sampling of Canadians and shares with them their faults—no more and, alas, no less. The report of the Auditor General, J. J. Macdonell, is probably a fair appraisal of the state of mind of both the political and public service. It has been too easy to repair mistakes by more spending, and thus paper over the issues, rather than admit to error and take harder decisions. It has been easier to overlook the inadequate performance of one's colleagues than to challenge them and deal with the operating and personal trauma that flows from taking such a step.

Let us not pretend that such things are unknown in the world of corporate management, or even in the management of our own personal lives. And let us not use the hindsight of today to make *ex post facto* judgments on the behaviour of those who had only the gift of the foresight of yesterday. I recall the remarkable insight of Harry Truman, who once said that hindsight could turn any school boy into the most brilliant statesman of yesterday's events.

What Canada must have and maintain in its Public Service is public spirit, integrity, managerial ability, and that remarkable, rare and vital ingredient, the willingness to get things done. I heard a few days ago a joke which I think is fashionable in Ottawa at the moment. It seems that a new game has been brought out since the Auditor General's report called "Bureaucrat." Every player takes the role of some senior public servant. At the end of the game, the public servant to make the fewest moves wins. I tell this story for the obvious purpose of demonstrating a mood we do not want to see develop. It would be disastrous to this country if the new game in Ottawa is "Bureaucrat," or "Save your own neck," instead of "Let's tackle the problem and try to get something done, even if we make a few mistakes."

Of course, I make no argument for sloppiness, lack of adequate planning, poor execution, giving too much time to political and too little time to economic and social considerations, such as in hiring or spending allocations. What I ask all Canadians to realize is that teamwork is the vital concomitant in a viable and effective Public Service, as it is in any organized human effort. The price of having an energetic, well-motivated team with a sense of initiative is low, compared to a self-protective, individualistic, and to-hell-with-the-public "Bureaucrat" game. In tightening up our practices of administration, let us not forget the trite but true "pennywise, pound foolish" axiom.

There are many changes which I would like to see made in the Public Service, but in the interests of a priority list let me deal with one which to my mind is close to the top. It is the role and public responsibility of the deputy minister group known in our civil service as "deputy heads." The tradition of the deputy heads is that they are "non-political" and that they are expected to serve political masters of different parties with the same intelligence, honesty and competence. On the whole, I think the Public Service of Canada has tried to do this, and I am not critical of the efforts of its members as much as I am of the system under which they work.

Let us look at the contradictions. The deputy minister is the final adviser to his minister on policy. Let us hope that the deputy minister believes in his advice, and let us assume that the minister and the government accept it. Thus, a political act is born. But the other political parties may oppose it. Consequently, the deputy minister's belief system is opposite to that of someone who, having stood for something different in an election, now comes forward as the minister. The deputy minister has these choices: (a) to discover his Damascus, (b) to dissemble and do what he does not believe in, or (c) to keep his belief but work openly or surreptitiously to convert the new minister and the new government. Surely the minister is better off with a deputy minister he believes in rather than one he questions. Should not the system permit this, instead of presuming a fiction that every deputy minister is a creature who can serve whatever master comes his way equally well?

● (1530)

Do any honourable senators believe the well-attended fiction that the deputy minister is concerned with policy, not politics, and the minister with politics, not policy. Dean Henry Angus, the great Canadian political scientist, who was well exposed to the Ottawa of a few years ago, mentioned this principle of constitutional practice to his basic political science class, of which I was a member—and then had the good judgment to break out laughing. In form, the deputy minister can behave as if politics are of no interest to him, but in practice his advice would be useless to his minister if it did not include much more than amateur insight into what is politically viable and acceptable. My old textbook described the deputy minister as a Janus-like figure with one face in the direction of impartiality and policy, and the other in the direction of impartiality and politics. It took quite a while for me to realize that however many faces the deputy minister may have, he or she still has only one brain.

I will concern honourable senators with only one more facet of this matter, and that is the issue of secrecy. Civil servants are not accountable, only their ministers are, under our constitutional conventions. This is based on the theory of their being non-political. Therefore, if the deputy minister were recognized to be political, as I have argued is the reality, then the deputy minister should be accountable. Or, for those who like parity in their reasoning, if the deputy minister should be accountable, then he must be allowed to be political.

In my view there is too much made of secrecy in certain places in our public affairs, and not nearly enough made of it in other such places. The real key to a more open government, which many, including myself, desire, is in the redefinition of the role of the deputy minister.

I am suggesting something I believe to be both simple and significant. Let us admit the politicality of the deputy minister. Let him or her be a deputy minister and not a British-style permanent secretary, which, in their true forms, are quite different things. The deputy minister will continue to be the chief executive officer of the department, but under the direction of the cabinet, and of the minister on behalf of the cabinet. The assistant deputy ministers will be non-political civil servants and chief operating officers of their branches. I am only describing the present form, and I suggest that no change in that form is necessary except in recognition.

The change, nonetheless, is substantial, and it lies in the accountability of the deputy minister to Parliament for the performance of his role, which is a quite different one from that of his minister, who is a legislator and a member of the elected executive. In this better defined reality the minister will focus, as he does now, on the public attitude, and on the ways to govern and explain policy to the public. The deputy minister will do what he now does, but knowing it is with a

commitment on his part to be a member of a political team. I think it would make the bureaucrats much more responsive to the public, more democratic in their mentality, and would eliminate a part of the highly contentious and negative "town and gown" attitude which is developing in Canada.

The redefinition of who and what is a deputy minister would allow the Prime Minister of the day to recruit the best he could find anywhere in the country, and, of course, be responsible for his choice to the public. It would add a measure of expertise to Ottawa which I believe would be advantageous. Of course, when the government changed, the deputy minister would also change, vastly enriched in experience and able to move on again, perhaps to private life. A cache of such people would do much to reduce the misunderstandings and sense of conflict that exist between those in private life and those in government service. If a deputy minister had been appointed from the Public Service, I would preserve that tenure and allow him to return to a senior civil service position in some area away from his previous role, and ovbiously under the direction of a new political deputy minister.

What I am arguing for is not without precedent. It is, for example, well and beneficially the practice in the United States and West Germany, and so far as I know there has been no impairment of their democracy or the high quality of their public service. Canadians have a tendency to stick to British practice without a careful examination of how that plant is doing in quite different soil. It seems to me that we could make some highly beneficial changes if we would go off "automatic", and take a more careful look at what we do.

Honourable senators, if you have any patience left, I thank you for it as I take my seat.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until Tuesday, December 19, 1978, at 8 p.m.

# THE SENATE

**Tuesday, December 19, 1978**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—COMMONS MESSAGE

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-5, to amend the Canada Business Corporations Act, and acquainting the Senate that they had passed the bill without amendment.

## THE HONOURABLE MR. JUSTICE DONALD RAYMOND MORAND

BILL TO AUTHORIZE GRANTING OF AN IMMEDIATE ANNUITY—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-33, to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand.

Bill read first time.

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

**Senator Petten,** with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Petten:** Honourable senators, on behalf of the Honourable Senator Perrault, I have the honour to table the following documents:

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 22 of the Canadian Dairy Commission Act, Chapter C-7, R.S.C., 1970.

Report of the Department of Transport for the fiscal year ended March 31, 1978, pursuant to section 34 of the Department of Transport Act, Chapter T-15, R.S.C., 1970.

Third Semi-annual Report of the Export Development Corporation on International Economic Boycotts for the period February 1, 1978 to July 31, 1978, issued by the Department of Industry, Trade and Commerce.

Actuarial report on the operation of the Canada Pension Plan and on the state of the Canada Pension Plan Account, as at December 31, 1977, pursuant to section 116(3) of the said Plan, Chapter C-5, R.S.C., 1970.

Report on the Administration of the Western Grain Stabilization Act, together with the Report on the state of the Stabilization Account, for the year ended December 31, 1977, pursuant to section 45 of the said Act, Chapter 87, Statutes of Canada, 1974-75-76.

Report on the Classification Audit in the National Capital Area and the Non-National Capital Area, dated October 1978, prepared by the Personnel Policy Branch of Treasury Board.

**Senator Flynn:** Well done.

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

**Senator Walker:** A popular choice.

## HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting tomorrow, Wednesday, December 20, 1978, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## AGRICULTURE

NOTICE OF MOTION TO AUTHORIZE PAYMENT OF EXPENSES OF COMMITTEE MEMBERS AND RESEARCH DIRECTOR

**Senator Argue:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

That the Senate authorize the payment of the expenses of the four members of the Standing Senate Committee on Agriculture, appointed in the last session of Parliament, and the research director of the said committee, incurred in attending a meeting with the United States Senate Committee on Agriculture, Nutrition and Forestry, in Washington, D.C., U.S.A., on 27th September, 1978.

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

**Senator Walker:** Explain.

**Senator Flynn:** Later this day.

## QUESTION PERIOD

**Senator Flynn:** Honourable senators, I have several questions that I could ask, but since the Honourable Senator Petten is just on his first day replacing both the leader and the deputy leader I am going to spare him. I would congratulate him on the way he has acted up to now. Some people might think it is an improvement.

**Senator Petten:** Thank you very much for your kind words, sir.

**Senator Asselin:** I do have a question for Senator Petten.

**Senator Flynn:** That is the discipline on our side!

## BUSINESS OF THE SENATE

### CHRISTMAS ADJOURNMENT—QUESTION

**Senator Asselin:** I should like to know, Senator Petten, if the Senate will have a chance to adjourn this week for the Christmas holidays.

**Senator Petten:** I wish I could answer your question, Senator Asselin, but I am afraid I cannot.

## FUGITIVE OFFENDERS BILL

### MOTION FOR THIRD READING—MOTION IN AMENDMENT—BILL REFERRED BACK TO COMMITTEE

The Senate resumed from Thursday, December 14, the debate on the motion in amendment of Senator Perrault to the motion of Senator McIlraith for the third reading of Bill S-9, respecting fugitive offenders in Canada.

**Senator McIlraith:** Honourable senators, when this motion in amendment was before the house on Thursday last, it was suggested that the bill be referred back to the committee for further examination. At that time I indicated I would like to consider the matter over the weekend, and that I would then speak to it further tonight.

Tonight I am quite prepared to have one of my colleagues move that the amendment and the bill be referred to the committee for further consideration. If Senator Cook would so move, perhaps we could dispose of the matter.

**Senator Cook:** Honourable senators, I move:

> That the motion in amendment be not now adopted but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs; and
>
> That the bill be not now read the third time but that it be referred back to the Standing Senate Committee on Legal and Constitutional Affairs for further consideration.

[Senator Argue.]

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C., that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Petten, that the bill be not now read the third time but that it be amended as follows

**Senator Flynn:** Dispense.

**The Hon. the Speaker:** In amendment to the motion in amendment, it is moved by the Honourable Senator Cook, seconded by the Honourable Senator Godfrey, that the motion in amendment be not now adopted but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs; and that the bill be not now read the third time but that it be referred back to the Standing Senate Committee on Legal and Constitutional Affairs for further consideration.

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

Motion in amendment to motion in amendment agreed to.

### NOTICE OF COMMITTEE MEETING

**Senator Goldenberg:** Honourable senators, I would inform the members of the Legal and Constitutional Affairs Committee that I have made arrangements for the committee to consider this matter at a meeting to be held in room 356-S when the Senate rises tomorrow afternoon.

• (2010)

## NORTHERN PIPELINE

### FIRST REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Special Committee of the Senate on the Northern Pipeline which was tabled on Wednesday, December 6.

**Hon. H. A. Olson:** Honourable senators, I welcome this opportunity of speaking to the first report of the Special Committee of the Senate on the Northern Pipeline. I think I should begin by advising those who have not already heard the news that a press release was issued today by the Deputy Prime Minister to the effect that Foothills Pipe Lines (Yukon) Ltd. have been authorized to enter into negotiations with two steel companies in Canada, namely, the Interprovincial Steel Company of Regina and the Steel Company of Canada in Hamilton, for the supply of the whole amount, that is, 1.5 million tons, of steel pipe required for the construction of the northern gas pipeline system throughout its entire length in Canada. The press release, in part, states as follows:

> Ipsco and Stelco have quoted the lowest prices of the North American bidders, and are the only ones at present technically capable of supplying the required line pipe.

They also have the potential to provide the maximum benefit to Canada.

I was at the meeting of the House of Commons committee as an observer this morning when the announcement was made, and under cross-examination one of the vice-presidents of Foothills Pipe Lines (Yukon) Ltd. pointed out that certainly the discounted Canadian dollar, at 84 or 85 American cents, or whatever the price happens to be at the moment, was helpful to the Canadian companies bidding for this rather large amount of steel pipe. At the same time, he pointed out that even if the Canadian dollar had been at par, these two Canadian companies were the most competitive from the point of view of both price and ability to supply the pipe for this particular project.

Among the various types of evaluation that Foothills was required to make of all the bids was a commercial one. There was, of course, a technical evaluation as well, and on this point I would like to quote from the summary of the Foothills evaluation that was provided to both the Northern Pipeline Agency and the minister responsible for this project. It says:

> Analysis on an f.o.b. delivered basis for each specification quoted shows that Ipsco and Stelco were price competitive with all invited bidders, and that their tenders were substantially lower than those submitted by any of the U.S. mills.

In view of the concern and apprehension expressed when the bill for the construction of the northern pipeline was going through Parliament, I think all Canadians should derive a great deal of satisfaction from the fact that when these Canadian companies were subjected to total North American competition, and indeed, in some respects, to worldwide competition, they were successful. Not only did they come out on top in a strictly commercial and technical evaluation, but their bids, if I may paraphrase the words of the company representative, were substantially better than any received from any part of the world. As I said, we can take a lot of satisfaction from the fact that Canada has developed the technical skills and the plant capacity to turn out pipe to the specifications and in the amounts required for this particular pipeline. It certainly augurs well for the future when these Canadian mills and their suppliers are fully competitive in this kind of construction with any others in the world.

● (2015)

Honourable senators, the report which was tabled in this house several days ago deals with a number of things the committee has considered since it began its deliberations earlier this year. One of the matters considered was that of the financing capability of Foothills Pipe Lines (Yukon) Ltd. to raise the massive amounts of capital required for this pipeline. You will realize, of course, that there have been press reports from time to time questioning whether or not the financing can be arranged without some underwriting by either the United States or Canadian government.

Under interrogation and cross-examination, the witnesses on behalf of Foothills (Yukon) Ltd. appearing before your committee from time to time continued to express the confidence they expressed at the outset of their application to the National Energy Board that this can indeed be financed without any specific underwriting by either the Government of the United States or the Government of Canada. But when you get deeper into what has been done to date, in view of the fact that the Northern Pipeline Act was passed last April, you find that the company is unable to give any specific details because there are a number of things that have to be settled in advance of a serious attempt to raise the funds.

In the first place, up until September 27 it was not possible for the company to give anything specific. That was the date when the Senate of the United States passed the energy bill, and it was not until three or four weeks later that the House of Representatives passed it. Passage of that bill was absolutely essential because it made known not only the price from the producer's side—that is as it relates to the gas going into the pipeline near Prudhoe Bay—but also the price, and the manner of determining the price, of the gas coming out of the pipeline into the utility company system in what I refer to as mainland United States.

That is not all, honourable senators, because there is still one factor in determining these prices that has to be decided by the regulatory body in the United States, commonly known as FERC, and that is the cost, and where that cost can be applied, insofar as processing the gas is concerned. It amounts to only a few cents per Mcf, but with the massive amount of gas—over 2.5 billion cubic feet—that is anticipated to go through this line every day, it will be understood that two or three cents per thousand cubic feet amounts to a lot of money.

● (2020)

My information earlier today is that the regulatory body in the United States still has not made that decision. Therefore it is not possible for the producers in Alaska to enter into contracts with the users in the United States—and in this case it is the user utility companies—until they know where those costs can be applied.

I should go further and say that before Foothills Pipe Lines (Yukon) Limited can seriously go to the financial markets and start to raise these funds, or get commitments for these funds, they have to have contracts in their possession between the producers and users.

So it is not possible to give members of this house a definitive answer that financing has proceeded. It was hoped earlier this year that many of these hurdles would have been overcome some time ago, but they are not yet completely finished.

Other factors that were considered at several meetings of the committee were the environmental and socio-economic conditions along the way. I do not want to go into any detail about those aspects because we have not received from the Northern Pipeline Agency a final set of environmental or socio-economic conditions that will apply to the company's operations along the route of the pipeline.

We have the second draft of the socio-economic and environmental conditions, but only in relation to that part of the pipeline inside the Yukon. We expect to receive additional drafts from time to time. We received a copy of the original draft dealing with these conditions along the rest of the pipeline, but we have not received a copy of the second draft, which I believe has been under preparation since mid-July. When the original draft was presented, the commissioner, the Honourable Mitchell Sharp, said that anyone who wanted to make representations to the agency with respect to subsequent drafts should do so by the end of June. At the last meeting he said that this deadline would be somewhat extended.

Another matter that was considered in committee—I believe it occupied more of our time than any other—is the method of acquiring land rights, or easements, from landowners along the route of the pipeline.

Our information indicated that there was a substantial difference between the federal methods of acquiring acquisition of pipeline rights of way and the provincial methods. In most cases landowners are familiar with provincial statutes and regulations, but not many landowners are familiar with the federal law.

We attempted to inform all the landowners who may be affected along the right of way, of this difference; indeed, we issued two bulletins to try to explain in a little more detail not only the difference but what was, in fact, their rights under the federal law, which will be the law used for the acquisition of land, or easements to land, in this case. I believe it is fair to say that many landowners were confused about their rights, because they are significantly different from those under provincial law. Indeed, they were concerned because the Railway Act is what is used as the federal law for the acquisition of pipeline easements. Examination of that act led the committee to believe that it is antiquated, and had probably never been appropriate for the acquisition of easements, where you do not take title to the land in fee simple, but take an easement to do certain things, with the land title in fee simple remaining in the hands of the owner.

We were also made aware of the fact that the Canada Law Reform Commission had reported as far back as 1974 that the landowners' position under the federal statute was untenable. It went on to explain a number of things that ought to be changed.

It is certainly not my purpose tonight to blame anybody, or to find someone who failed to draft amendments to the National Energy Board Act so that it would strengthen the position of landowners in negotiating agreements or, indeed, strengthen their rights if expropriation is required. Perhaps it can be simply said that although the Law Reform Commission and others recognized several years ago that there are inadequacies in the law from the landowners' point of view, no one got around to putting together an acceptable set of amendments to the National Energy Board Act to bring it up to date.

The committee, therefore, decided it should undertake this task and examine the various provincial expropriation acts and the federal Expropriation Act—which, incidentally, is a far more modern statute as far as conditions and circumstances in the 1970s are concerned. If my memory serves me correctly, the Expropriation Act was amended in a significant way in 1970. We also examined the Surface Rights Act and the acquisition procedures in several of the provinces, particularly Alberta, British Columbia and Saskatchewan where most of the pipelines, and particularly the gathering systems, are in place. It follows, therefore, that these provinces and the people involved have had much more experience in this matter than those in other parts of Canada.

There has been prepared, and presented to the committee today, a set of proposals that could eventually comprise a bill to be introduced in this house which would repeal section 75(1) of the National Energy Board Act and substitute something else therefor. I put it that way because section 75(1) simply says that where a pipeline company and a landowner are unable to reach an agreement, the provisions of the Railway Act shall apply, and it includes sections 145 to 184 inclusive, and section 186. Therefore, if that section of the National Energy Board Act is repealed so that the Railway Act or any other act do not come into play, it then becomes necessary to spell out all the terms and conditions that are required for expropriation procedure.

We went a little further than that, and set out a method of acquiring land which will involve such things as notification procedures that are not now provided for in the National Energy Board Act or, indeed, in the Railway Act. Honourable senators who followed the passage of the Northern Pipeline Act will remember that Section 18.1 of Schedule III requires 30 days' notice of the detailed routing of the pipeline be given to each affected landowner. That applies only to that one pipeline, and what we are proposing to amend is the legislation or the statutory provisions affecting all pipelines built under federal jurisdiction.

• (2030)

We would also have to put in such things as the statutory negotiation procedure. This is not provided for in the National Energy Board Act now, but it is a very important and, I suggest, modern part of the federal Expropriation Act. I hope I am not confusing anyone, because the federal Expropriation Act is an act which is used by the federal authority to expropriate lands for the government's purpose or for the public purpose. When we talk about expropriation under the National Energy Board Act, that act gives authority to a certain private company to expropriate land from the landowners.

We have also provided for an arbitration procedure. This arbitration procedure is similar to the arbitration procedure used in, particularly, Alberta and Saskatchewan, under their surface rights acts. We have provided in the proposed amendments for an immediate right of entry, if that is required, because we would not want to hold up the pipeline companies. If immediate right of entry is granted to a pipeline company to go on to a farmer's or any landowner's land, that should not, of course, prejudice his right to arbitration procedures to deter-

mine the amount of compensation that may subsequently be paid. Then there is the matter of the determination of compensation, the costs of appeals, regulations, and so on.

I just want to conclude this part by saying that hopefully we will be able to send out a package of proposed amendments so that both the pipeline companies and the landowners will know within a few days what the concept of it is, but not necessarily the exact legal detail or the wording. Certainly the branches of government, such as National Energy Board and the Department of Energy, Mines and Resources, as well as others, will have prior notice of what we are proposing to bring forward to this chamber some time after the recess.

We have also compiled a package of the pertinent sections of the existing legislation on which these proposals were put forward, because in the whole package of amendments there is really nothing completely new. It is being used in one jurisdiction or another at the present time, mostly in some provincial legislation with respect to arbitration procedures. However, we did want to put this together so that anyone reading it, whether a major pipeline company or a small landowner, will know that these proposed amendments are based on existing legislation somewhere in Canada, and that it is not something that has not had at least some trial period.

I want to complete my remarks by informing you that at least some members of the committee from time to time suggested that perhaps this committee should take into account the overall gas supply and demand requirements in Canada, and the relationship between that and this particular pipeline—such matters as the pre-building, the southern sections and that sort of thing. Because of the terms of reference, I do not think the committee had the authority to get into these other things. The terms of reference were rather confined to the activities of the Northern Gas Pipeline, the agency and related matters, but that does not answer some of the questions raised.

There is now, for example, an application before the National Energy Board for what is known as the Polar Gas project to bring gas from the high Arctic and some of the northern Arctic islands down through central Canada. There is also an application before the National Energy Board for what is referred to as the Quebec and Maritime Gas Pipeline to extend natural gas services from Montreal east to Halifax, and that part of Canada in between. We think that a way to provide the committee with means of looking into some of these other matters from time to time would be for the Senate to refer the estimates of the appropriate federal departments and agencies—such as the Department of Energy, Mines and Resources and the National Energy Board—to this committee on a regular basis. This would give the committee the opportunity to call witnesses from the Department of Energy, Mines and Resources and from the National Energy Board from time to time for the purpose of gaining information about these other matters.

I have raised this in a more or less informal way with some senators, and they have advised me that it would require a change in the rules. I do not doubt it, but I think we should consider the merits of having these estimates referred to a specific committee from time to time. I do not want to get into an argument on it tonight, but I am sure that most senators would agree that there is a deep interest in specific matters like the pipeline and energy, and perhaps also in agriculture and other subjects, where witnesses called from specific departments would be a useful source of information.

I am sure it is well known to all senators that it is a common practice in the House of Commons to refer the estimates of each department to a specific committee considering general matters concerning the particular department. It is a common practice in the Senate of Australia to do exactly the same. As I have said, I do not want to make the argument tonight about what rules should be changed. There may be a conflict of opinion if we hold to the British system of having a specialized estimates committee. Another alternative we may consider is that a committee such as the Northern Pipeline Committee could perhaps be a subcommittee of the Standing Senate Committee on National Finance for this purpose, if there is a great deal of resistance to actually taking the estimates of a particular department or agency out of the hands of the National Finance Committee and referring them to another committee.

Honourable senators, this gives you a brief outline of the work of the committee during the past six or seven months. In conclusion, it is fair to say that if some of the plans that the committee envisages do materialize, then it is going to be a very busy committee during the months of February and March.

• (2040)

**Senator Godfrey:** May I be permitted a question?

**Senator Olson:** Certainly.

**Senator Godfrey:** I am interested in the statement made by the companies to the effect that they could go forward without any undertaking from the Canadian or United States governments. It is my understanding that Arctic Gas was told by a major lender, such as Metropolitan Life, that it needed certain guarantees from the governments or it would not advance the moneys. If Arctic Gas needed this, why would not the others?

**Senator Olson:** I hope I can accurately paraphrase what was said when Foothills (Yukon) first made that statement to the National Energy Board and then later to the Senate committee. They had looked into this matter and gave an undertaking that they did not need any underwriting from, in this case, the Canadian government, but I think they also mentioned the United States government. I suppose the reason is that they had satisfied themselves by discussing the matter with some large financial institutions, such as the Bank of America, the First Boston Corporation, and others, that if Canada was to be a connecting link between two states of the United States, and that they had, indeed, put this gas transporting facility into place, that there would be virtually no possibility of it not being a viable operation, providing that the return on the

equity which went into its construction was on the basis of a reasonable rate of return.

On motion of Senator Petten, debate adjourned.

## CANADA-UNITED STATES RELATIONS

INQUIRY STANDS

On the Inquiry of Senator van Roggen:

> That he will call the attention of the Senate to the Report entitled: "Canada-United States Relations—Volume—II—Canada's Trade Relations with the United States", of the Standing Senate Committee on Foreign Affairs, which was appointed in the last session of Parliament and authorized in that session to examine and report upon Canadian relations with the United States.

**Senator van Roggen:** Honourable senators, I would again ask that this inquiry stand. Since last August I have mailed to honourable senators a considerable amount of material, and I look forward to giving the Senate an updating of the committee's report. I also understand that Senator Grosart wants to speak on the matter, but he is on much more important business at this time. I would ask that this inquiry stand until after the Christmas adjournment.

Inquiry stands.

## AGRICULTURE

PAYMENT OF EXPENSES OF COMMITTEE MEMBERS AND RESEARCH DIRECTOR AUTHORIZED

Leave having been given to revert to notices of motion:

**Senator Argue,** with leave of the Senate and notwithstanding rule 45(1)(h), moved:

> That the Senate authorize the payment of the expenses of the four members of the Standing Senate Committee on Agriculture, appointed in the last session of Parliament, and the research director of the said committee, incurred in attending a meeting with the United States Senate Committee on Agriculture, Nutrition and Forestry, in Washington, D.C., U.S.A., on 27th September, 1978.

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

**Hon. Senators:** Agreed.

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

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, December 20, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Draft Regulations respecting the Reporting of Information relating to Foreign Economic Boycott Requests, issued by the Department of Industry, Trade and Commerce.

Report of operations under the Fisheries Improvement Loans Act for the fiscal year ended March 31, 1978, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

## ADJOURNMENT

NOTICE OF MOTION

**Senator Flynn:** Honourable senators, I give notice that tomorrow, December 21, I will move:

That when the Senate adjourns today it do stand adjourned until Wednesday, December 27, 1978, at 2 p.m.

**Senator Godfrey:** May I ask the honourable senator a question? Why 2 p.m. and not 11 a.m.?

**Senator Flynn:** I am willing to accept an amendment.

## BELL CANADA

DISCONNECTION OF TELEPHONE SERVICE—QUESTION

**Senator Marshall:** Honourable senators, I was overcome by the revelation last week that the Leader of the Government in the Senate was interested in our bringing up more points that concern Canadians. I have several oral questions, and I would like to put one at this time.

In view of the dispassionate revelation by Bell Canada that it is disconnecting telephones left off the hook, which action would be detrimental to many citizens, and particularly to those who are aged and living alone, would the leader inform us whether the government is taking action to investigate this heartless cut-off of service by Bell Canada?

**Senator Perrault:** Honourable senators, I must take that question as notice.

**Senator Marshall:** When the leader is getting the answer, would he impress upon the government that, because of Bell Canada's monopoly position, it should be forced to disclose its policy on what can be termed a ridiculous, greedy action and lack of concern and responsibility for the Canadians it is supposed to serve?

**Senator Perrault:** I know that honourable senators do not expect me to comment on that statement, which could well form the basis of a speech by Senator Marshall. In saying that I am not being critical, but the honourable senator has offered editorial comment on his own behalf.

## SOCIAL INSURANCE NUMBER

USE FOR INCOME TAX PURPOSES—QUESTION ANSWERED

**Senator Flynn:** Honourable senators, some time ago I asked a question of the Leader of the Government concerning the 25 per cent penalty imposed upon those who at the time of cashing interest or dividend payments on bonds refuse to reveal their social insurance number. The former Minister of National Revenue, Senator Guay, who, I regret, is not in the house at the present time, is reported in a recent letter to a constituent to have given every evidence of having found a rather imaginative way of circumventing the problem.

Senator Guay apparently suggested that when one is required to supply a social insurance number and, for one reason or another, does not wish to do so, one can spare oneself a lot of frustration by merely making one up.

I was wondering if the suggestion represented the policy of the government with regard to this matter. At the same time I hope the government leader can give me a reply to the supplementary question I posed to him some time ago as to the amount that has been credited to the taxpayers and the amount which has been retained by the government.

**Senator Perrault:** Honourable senators, on December 6 Senator Flynn and Senator Smith (Colchester) asked questions relating to the use of the social insurance number for income tax purposes. I do have at least part of that answer today.

Senator Smith asked whether bonds sold or issued prior to the effective date of the legislation requiring the social insurance number when cashing coupons were exempt. I must advise that no exemptions were made.

Senator Flynn has requested a breakdown of the total tax withheld of $619,000 on bond coupons where the social insurance number was not provided between the amount for which taxpayers had been given credit and the amount remaining in, to use his words, the "government coffers." I regret that departmental accounting records are not maintained in a manner that would provide this breakdown.

Senator Grosart had requested a more substantive reply to his assertion that the use of the social insurance number in present circumstances is a direct contradiction to an undertaking by a former government that such use would never be made for this purpose.

Parliament approved the use of the social insurance number for income tax purposes in general and later for its specific use in connection with the cashing of bond coupons. There is little I can add to what has been said in this regard, except to emphasize, and here I quote the words of the minister for Revenue Canada, the Honourable A. C. Abbott, "that such use of the social insurance number assists in the equitable administration of the law."

With respect to Senator Flynn's statement that the former distinguished Minister of National Revenue, now a member of this body, suggested that certain creative endeavours be engaged in with respect to the social insurance number, I feel sure that the honourable senator would feel it fairer to have the former minister in this chamber to assist in formulating an adequate reply to that question.

**Senator Flynn:** As far as he is concerned personally, yes, but he can no longer speak for the government, and I was asking whether this was the government's position or policy.

**Senator Perrault:** I know of no official government directive which suggested that those unable to remember their social insurance numbers should arbitrarily choose a convenient number.

**Senator Walker:** In other words, it is not a lottery.

## FOREIGN AFFAIRS

### SANCTIONS AGAINST RHODESIA AND SOUTH AFRICA—QUESTION

**Senator Walker:** Honourable senators, I should like to direct a question to the Leader of the Government. Before doing so, I should like to thank him for the holly he has distributed. I would suggest he put a piece above his own head and leave it there until the end of the session.

Would the leader be kind enough to accept a question on the subject of the sanctions against Rhodesia and South Africa which Canada, under its ebullient foreign minister, Mr. Jamieson, supports so wholeheartedly?

With Russia obviously planning the takeover of the entire Cape of South Africa, just as a beginning, of course, and with the Union of South Africa and Rhodesia being the two great obstacles in Russia's path, how can Canada possibly continue to maintain sanctions against these two countries, thus preventing them from properly arming themselves to withstand the forthcoming onslaught of Russia through its heavily Russian-armed local insurgents and imported mercenaries?

• (1410)

We are all against apartheid. That is how this thing started. That is why the aristocratic and socialistic Minister of External Affairs in Great Britain supports sanctions, and, we suggest, wrongly so at this time. We are all against apartheid, which was at one time the policy of both Rhodesia and South Africa, and, of course, many other developing countries of the world.

Now that both of these countries are successfully struggling to do away with apartheid—

**Senator Forsey:** Ho, ho, ho!

**Senator Walker:** That sounds like an Oxford man. So it is. It's the well-known Senator Forsey of Oxford. That is one of his greatest claims to fame.

**Senator Hicks:** Nonsense.

**Senator Walker:** We are all against apartheid, which was at one time the policy of Rhodesia and South Africa. That is what I was saying when I was so rudely interrupted. Both countries are successfully struggling against apartheid, and Rhodesia itself was on the point of introducing a form of self government satisfactory to the three African leaders who were doing their part to take over January next had not that civilian plane carrying civilians been shot down by the imported Russian arms of the insurgents. The insurgents caused the postponement of this takeover.

How can Canada, except with the support of such distinguished people as Senator Forsey, still persist with sanctions, because when the time comes, when the holocaust comes, and when they are killing the women and children by the hundreds of thousands, then we shall help them. But it will be too late.

I am suggesting that the Honourable Leader of the Government should bring this matter to the Prime Minister's attention at this time, when time is so greatly of the essence.

**Senator Perrault:** Honourable senators, the question will be taken as notice, and I shall endeavour to bring to the chamber a policy statement by the government on this important subject.

## SOCIAL INSURANCE NUMBER

### USE FOR INCOME TAX PURPOSES—QUESTION

**Senator Smith (Colchester):** Honourable senators, I thank the Leader of the Government for his answer concerning my question about the SIN number and the coupons on certain Government of Canada bonds.

As I understood the answer, it is to the general effect that this requirement of producing the SIN number or withholding 25 per cent of the amount of the coupon applies to bonds which were sold to the people of Canada on the basis that no impediment would exist to obtaining the interest due on the coupons. Is this policy not a breach of the contract on which those bonds were sold?

**Senator Perrault:** Honourable senators, I can only reiterate the statement provided me by the minister for Revenue Canada, and I quote:

> Parliament approved the use of the Social Insurance Number for income tax purposes in general, and later for

its specific use in connection with the cashing of bond coupons.

That statement is made by the minister and is supported by facts. If honourable senators would like specific dates and references in legislation, I would be pleased to bring that information to the house.

**Senator Smith (Colchester):** I thank the leader for his kindly disposition. I am quite well aware of the legislation to which he refers, but I again ask the question that he did not answer—and I suppose he may not, if he does not wish to. Whatever legislation exists, is it still not a breach of the contract on which those bonds were sold to the public of Canada, to demand now a SIN number or to withhold 25 per cent of the amount due on the coupon?

**Senator Perrault:** Honourable senators, it most certainly is the view of the government that there is no abrogation of the law involved here.

## FOREIGN AFFAIRS

### SANCTIONS AGAINST RHODESIA AND SOUTH AFRICA—QUESTION

**Senator Frith:** Honourable senators, I have a question for the Leader of the Government. He took as notice Senator Walker's question. I wonder if he could tell us what that question was that he took as notice.

**Senator Walker:** My learned friend always has trouble understanding any question. Perhaps that is one of the reasons why he did not get here until this late time.

The question is very simply this—and I am speaking for myself as well as on behalf of most members of this house, and not as a party man. Will the Leader of the Government bring to the attention of the Prime Minister the question of sanctions against South Africa and Rhodesia at this critical time?

**Senator Perrault:** Unless I am otherwise advised, or corrected, I will take it that the honourable senator is asking about the sanctions policy of this government, and that is certainly a reasonable question.

**Senator Flynn:** You understood what Senator Royce Frith could not understand.

## TRANSPORT

### REDUCED AIR FARES WITHIN CANADA—QUESTION

**Senator Olson:** Honourable senators, I have a question for the Leader of the Government. Last Wednesday, December 13, I asked him what the government's position is with regard to pressing for an expansion of the system of reduced air fares instituted in Canada during this past season by way of charter or by some other arrangement. The leader took the question as notice. I wonder if he could now advise me on the matter, since I understand it is under consideration right now in connection with the coming year.

**Senator Perrault:** Honourable senators, that question has been put to the appropriate officials. No reply has been received as yet.

## FORESTRY SERVICE

### PROPOSED CLOSURE OF WINNIPEG OFFICE—QUESTION ANSWERED

**Senator Perrault:** On December 5, 1978, Senator Roblin asked a question regarding the proposed closure of the Winnipeg Forestry office of the Department of Fisheries and the Environment.

The reply is as follows:

The Winnipeg office of the Canadian Forestry Service is a sub-office of the Northern Forest Research Centre at Edmonton. The Northern Forest Research Centre serves the western and northern region encompassing Manitoba, Saskatchewan, Alberta, and the Northwest Territories. At Winnipeg there is a staff of six and a projected budget of $115,226 in 1978-79. The employees have been placed on surplus lists and will be accorded consideration for other positions in the public service under the Treasury Board's policies, announced November 10 by the Honourable Robert Andras, for employees affected by the recent cutbacks.

The Winnipeg sub-office did not conduct forestry research, but rather acted as a liaison office to the Province of Manitoba. Staff were responsible for transferring research conducted at other centres. For instance, they worked on identifying Dutch elm disease and combating the disease with techniques developed by the Canadian Forestry Service's centre at Sault Ste. Marie. Another example of the work is forest pest detection.

I have been assured by the office of the minister that arrangements are being made to ensure that Manitoba receives more direct support from the Northern Forest Research Centre and other forestry research establishments, such as that at Sault Ste. Marie.

## TRANSPORT

### WINNIPEG—SHERBROOKE-McGREGOR OVERPASS—QUESTION ANSWERED

**Senator Perrault:** Honourable Senator Roblin asked a question on November 28, 1978, regarding the Sherbrooke-McGregor Overpass in Winnipeg. The question was:

> Has the Canadian Transport Commission submitted a recommendation to the Minister of Transport respecting the Sherbrooke-McGregor Overpass in Winnipeg?
>
> If that is the case, when was that recommendation made to the minister, and is there any indication as to when the minister might give his views on the matter?

The reply is as follows:

The Canadian Transport Commission recommended that a grant be made available to the Sherbrook-McGregor grade separation in Winnipeg on June 8, 1978. On December 6,

1978, the minister gave approval in principle to the project, indicating it could be eligible for a grant from Manitoba's Urban Transportation Assistance Program allotment.

The minister issued a press release on this subject dated December 6, 1978, which details in more complete fashion the position of the government in this regard.

The minister said, in part, that Ottawa had received opposing opinions from various individuals and groups in Winnipeg concerning the overpass and its effect on residents and neighbourhoods in the area.

Mr. Lang also said, "Because this project could involve federal funding, I am concerned that there be an opportunity for both sides to make their views fully known and felt. But this is a local issue and one that should properly be decided locally."

• (1420)

The minister also noted that, in addition to the Sherbrooke-McGregor Overpass, he has also given approval in principle to 15 other projects that could be eligible for UTAP assistance. The provincial and federal ministers may now select projects from this list for implementation. If honourable senators are interested, I have a list of the projects that are under consideration.

## AGRICULTURE

### PURCHASE OF GOVERNMENT GRAIN ELEVATORS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 29 last, Senator Austin asked a question regarding the purchase of government grain elevators, and that was followed by a question by Senator Buckwold on the same subject. Both Senators Austin and Buckwold commented on the offer of the Government of Canada to sell the six elevators in western Canada presently operated by the Canadian Grain Commission.

I have received a personal letter from the Honourable Eugene Whelan, Minister of Agriculture, who says, in part:

> The decision to privatize these elevators was made as a result of the decision to cut government spending. There is another consideration; that is, that these elevators have never been used to their full potential. Hopefully, in the hands of private operators, they will be utilized more fully. They will continue as elevators licensed by the Canadian Grain Commission, and subject to the regulations of the Canada Grain Act.
>
> Tenders were called recently, and bids will be considered after the closing date which is January 15, 1979. Until that time, it's not possible to release the names of companies that have made offers to buy. Interest in these elevators has been informally expressed by several companies, among them the consortium referred to in Senator Austin's question. As far as is known, no final decision has been taken by that consortium to build its own elevator at Prince Rupert.

[Senator Perrault.]

## THE SENATE

### PRINTING ERRORS IN OFFICIAL RECORDS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Croll, on December 13, complained about errors which he alleged had crept into the official records of this chamber.

Production of the *Debates of the Senate* is achieved during the night hours following the day of debate, in order to provide a printed "working record" as soon as possible the following day. A total of five such parliamentary papers are so printed overnight at the main plant of the Canadian Government Printing Office.

An average of 2 million characters are keyboarded during the night, and all production copy is proofread. The volume of work and the speed with which it must be accomplished is such that, on occasion, errors are not always detected in the process. This is why recipients are asked to accept the "next-day issue" as a "working record" only, with due allowance for the occasional error.

Revised and final editions contain all corrections found to be necessary at a later stage. The Canadian Government Printing Office, nevertheless, fully recognizes and continues to strive for parliamentary papers as near perfect as they can be regardless of edition, and they believe they can improve on the present situation.

I know that all honourable senators appreciate at the same time the generally high standard of service that is provided on a continuing basis by the Canadian Government Printing Office to honourable senators and members of the House of Commons.

## TRANSPORT

### REDUCED AIR FARES WITHIN CANADA—QUESTION

**Senator Olson:** Honourable senators, I should like to ask a supplementary question of the government leader regarding reduced air fares within Canada. I am wondering whether the government leader would include in his communications to the officials he mentioned the suggestion that a reduced air fare from some of the outer extremities of Canada to Ottawa ought to be put in place, thereby making it economically possible for all Canadians to visit their capital at least once a year.

**Senator Perrault:** The comments of the honourable senator will be transmitted to the responsible officials.

## FORESTRY SERVICE

### DUTCH ELM DISEASE—QUESTION

**Senator Roblin:** Honourable senators, I thank the Leader of the Government for his reply to my question about the Winnipeg Forestry office. I have another question for the leader.

Can the government leader inform the house as to what facilities and assistance are available to the City of Winnipeg

with respect to the fight against Dutch elm disease in that city?

The concern with the closing of the Forestry Service Office in that city is keyed to that point. I am sure other facilities are available to the City of Winnipeg, and I think it would be a good thing if we were made aware of just what those facilities are.

**Senator Perrault:** The question will be taken as notice.

## TRANSPORT

WINNIPEG—SHERBROOKE-McGREGOR OVERPASS—QUESTION

**Senator Roblin:** Honourable senators, I have a supplementary question on the subject of the Sherbrooke-McGregor Overpass. I think the Leader of the Government has a justified cause for complaint. Like him, I was able to read the newspaper report of December 6 concerning this matter, and I think he ought to complain to his colleagues that it takes two weeks to get the same report into this house.

## AIR CANADA

FUNCTIONS OF CHAIRMAN AND PRESIDENT—QUESTION

**Senator Roblin:** Honourable senators, for a long time Air Canada managed with the offices of the Chairman and President combined in one person. I note that recently a new chairman has been appointed for Air Canada, for reasons which have not been sufficiently explained to my satisfaction. Would the government leader be kind enough to give the house a description of the functions performed by the new chairman of Air Canada and the functions performed by the president? Perhaps he could also let us know what honorarium or other remunerations attach to those two important posts.

**Senator Perrault:** The question will be taken as notice.

## NEWFOUNDLAND

SEARCH FOR MISSING VESSEL—QUESTION

**Senator Marshall:** Honourable senators, on December 6 I asked a question of the Leader of the Government concerning the unfortunate loss of a fishing vessel, the *Barra Cudina*. I asked the leader to determine from the Minister of Transport whether an inquiry could be held, and it was indicated that an inquiry would be made that afternoon in an effort to obtain an immediate reply. Since two weeks have now passed and the concern is mounting, I am wondering whether the Leader of the Government is now in a position to reply.

**Senator Perrault:** Honourable senators, I have no information on that subject as yet. A further inquiry will go forward.

## FOREIGN AFFAIRS

EFFECT OF POLITICAL SITUATION IN IRAN ON OIL IMPORTS TO EASTERN CANADA—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government. Is he now in a position to inform the Senate whether regular oil deliveries have been made to eastern Canada from Iran in view of the political situation in that country?

**Senator Perrault:** No information has been received that would indicate an unsatisfactory rate of supply to eastern Canada.

## SOCIAL INSURANCE NUMBER

USE FOR INCOME TAX PURPOSES—QUESTION

**Senator Guay:** Honourable senators, I have a supplementary question respecting the use of the social insurance number for income tax purposes. Before putting my question, I want to thank the Leader of the Opposition for noticing that I was not in my seat at the outset of today's sitting. I appreciate the fact that someone noticed my absence.

Supplementary to the question of the Leader of the Opposition pertaining to the government's policy respecting the use of social insurance numbers, I would ask the Leader of the Government to broaden his inquiry to include the government's policy respecting the use of social insurance numbers in the purchase of bonds.

**Senator Perrault:** The question will be taken as notice.

**Senator Flynn:** Honourable senators, before putting a further supplementary, let me say again how sorry I was that Senator Guay was delayed in arriving in the Senate this afternoon. There is a verse in French that is perhaps appropriate, as follows:

"un seul être nous manque et tout est dépeuplé."

With respect to the 25 per cent that is deducted from the proceeds of bonds when people do not provide their social insurance numbers, did I understand the Leader of the Government to say that there is no way of knowing how much remains in the treasury? It seems to me that this money must go somewhere. Perhaps it is used to reduce, in part, the deficit.

**Senator Perrault:** Honourable senators, to repeat, the honourable senator requested a breakdown of the total $619,000 withheld on the encashment of bond coupons, where the social insurance number was not provided, between the amount for which taxpayers have been given credit and the amount remaining in government coffers. In response to that, I said that departmental accounting records are not maintained in a manner that would provide such a breakdown.

There is a concern on the part of the government, of course, that those who benefit from interest on bonds should have that amount accurately taken into account when assessing taxable income. There is an obvious need by government to have a fair and equitable amount of tax revenue available for the numerous good programs supported by Parliament. If honourable senators who are critical of current policy have a better system, a better idea, to ensure a proper accounting of bond interest paid out, the government would welcome their thoughts on the subject.

**Senator Flynn:** I am worried about the amount that the government would eventually retain. Before the current system was adopted, there were records provided to the Department of National Revenue respecting those who cashed bonds. Under the system now in use, one could redeem stolen coupons for 75 per cent of their value by simply refusing to provide a social insurance number. It is, I suppose, a way of taxing the thieves. I want the government to come clean and tell us whether they want to share in the fruits of theft.

• (1430)

**An Hon. Senator:** The wages of SIN!

**Senator Flynn:** Yes, the fruits of SIN—double sin.

## FOREIGN AFFAIRS

SANCTIONS AGAINST RHODESIA AND SOUTH AFRICA—QUESTION

**Senator Forsey:** Honourable senators, I should like to ask a supplementary question arising out of the question of the Honourable Senator Walker and the supplementary question of the Honourable Senator Frith.

Could the Leader of the Government, when he brings the information he promised on the subject of sanctions, give us some detailed information about the sanctions being applied against South Africa? I thought there was an aching void there, and I am astonished to hear that sanctions are being applied against South Africa. So I hope we shall get the details for the enlightenment of ignoramuses like myself.

**Senator Perrault:** Honourable senators, I will endeavour to bring an accurate statement of our policy with respect to sanctions and other measures taken against those regimes which may not meet with the approval of the Government of Canada.

There are other measures in respect to South Africa of which honourable senators are aware. Certain trade offices in South Africa, for example, have been closed, and various other actions have been taken. They may not, technically speaking, come under the heading of sanctions, but they are actions which are designed to indicate Canadian disapproval of certain aspects of that government's policies.

## SOCIAL INSURANCE NUMBER

USE FOR INCOME TAX PURPOSES—QUESTION

**Senator Guay:** I should like to put a supplementary question to the Leader of the Government following the question asked earlier by the Leader of the Opposition with respect to the 25 per cent deduction from the proceeds of the sale of bonds if the SIN number is not given. Even though a bond has been sold and the owner has lost the benefit of 25 per cent of the proceeds, I would ask him to look into the possibility of reimbursement by the Department of National Revenue if at a later date the SIN number is submitted.

[Senator Perrault.]

**Senator Perrault:** That question will be taken as notice.

**Senator Flynn:** I thought you had an answer for your leader.

## THE HONOURABLE MR. JUSTICE DONALD RAYMOND MORAND

BILL TO AUTHORIZE GRANTING OF AN IMMEDIATE ANNUITY—SECOND READING

**Hon. Andrew Thompson** moved the second reading of Bill C-33, to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand.

He said: Honourable senators, Bill C-33 is an act to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand. The purpose for introducing this piece of legislation is to allow Mr. Justice Morand to resign his position as a member of the High Court of Justice for Ontario, and be appointed as Ombudsman for the Province of Ontario.

At the outset I want to congratulate the Government of Ontario and the Ontario Legislature for being able to attract such a distinguished jurist to take on as tough and controversial a position as that of Ombudsman for Ontario.

Perhaps I should also add a personal note. I have been interested in the role of the Ombudsman since I was a member of the Legislature of Ontario, and I have been interested in the work of a Professor Rowat who first wrote a book on the Ombudsman. I have followed with a great deal of interest the career of the first Ombudsman for Ontario, Mr. Arthur Maloney, and I have admired the talent, dedication and prestige which he brought to this important position while protecting the rights of the individual citizen caught in the morass of bureaucracy. I think he has laid a solid foundation, and that is something that the people of Ontario can be proud of. As I say, I congratulate both the Government and the Legislature of Ontario on their choice of Mr. Justice Morand to succeed Mr. Arthur Maloney.

By way of explanation of this bill, the Ontario government approached Mr. Justice Morand some weeks ago about the possibility of his accepting appointment as Ombudsman. A further discussion between Mr. Justice Morand, officials of the Ontario government and officials of the federal government followed, and it resulted in Mr. Justice Morand's decision to resign as a member of the High Court of Justice for Ontario to accept the appointment as Ombudsman.

At this point, the difficulty arose concerning Mr. Justice Morand's entitlement to a pension pursuant to section 23 of the Judges Act, which provides that the Governor in Council may grant an annuity to a judge who has attained the age of 65 years and has served a minimum of 15 years on the bench. At the present time, Mr. Justice Morand is 60 years of age, and he has served as a member of the High Court of Justice for Ontario for over 18 years. In the normal course of events he would not be entitled to a pension pursuant to section 21 of the Judges Act until he turned 65 on January 17, 1983.

The bill I am introducing today will overcome this difficulty. Clause 1 empowers the Governor in Council to grant an annuity to Mr. Justice Morand upon acceptance of his resignation, even though he is only 60 years of age. This provision will allow the federal government to begin annuity payments to Mr. Justice Morand four years earlier than would normally be the case.

Clause 2 of the bill goes on to provide that the Government of Ontario will reimburse the federal government for the annuity, and any other benefits paid to Mr. Justice Morand until he is 65 years of age. I am advised that an agreement in writing has been entered into between the Ontario government and the federal government, as contemplated by clause 2. Therefore, the net payment by the federal government will be nil until Mr. Justice Morand turns 65 years of age, at which point his normal annuity payment would have commenced in any event. I am advised that last week the Ontario Legislature passed an address providing for the appointment of Mr. Justice Morand as Ombudsman. His appointment will be effective in early January, and he will continue in office for four years, until he reaches the mandatory retirement age of 65 on January 17, 1983.

On retirement as Ombudsman, Mr. Morand will receive only his annuity payment from the federal government pursuant to the terms of the Judges Act. He will not be entitled to benefits from the Ontario government. I simply wanted to add that point to assure honourable senators that Mr. Morand will not be in receipt of two pensions on reaching 65 years of age.

As can be seen, the purpose of introducing this piece of legislation is to accommodate the Province of Ontario and Mr. Justice Morand so that he can be immediately appointed Ombudsman. Perhaps I should add that unanimous consent to immediate passage of this bill was given in the other place.

Honourable senators, with that explanation, I move second reading of the bill.

**Hon. David Walker:** Honourable senators, I congratulate Senator Thompson on the clarity of his explanation. I can only reiterate what he says, that we have a marvellous person in Mr. Justice Morand, a distinguished member of the Ontario High Court of Justice who, I think, would have eventually become Chief Justice, to take over this troublesome position of Ombudsman which was so skilfully filled by Arthur Maloney, a former member of the House of Commons.

• (1440)

Bill C-33 simply makes it possible for Mr. Justice Morand to accept the position at the present time; otherwise his pension could be delayed and diminished, and possibly on his death his wife might be unable to obtain her total pension. It is costing the federal government nothing extra. The Ontario government is making up the payments in the meantime until he is 65, and that is all part of the deal the Government of Ontario worked out with Mr. Justice Morand in arranging his salary as well.

So this is a red letter event for the Government of Canada. It is the first time in a long time that the federal government has made a deal which is not costing it anything extra.

**Hon. W. M. Benidickson:** Honourable senators, like Senator Walker, I wish to compliment Senator Thompson for his clear explanation of what is involved in this bill. He makes it clear that there is no special or double advantage to the proposed new Ombudsman for the Province of Ontario.

I do not know that gentleman, incidentally, but I have heard nothing but the highest praise for his competence and qualifications. However, I am glad of the opportunity to pay a little tribute, as did both Senator Thompson and Senator Walker, to our former colleague from the House of Commons, Arthur Maloney. As an eminent lawyer he performed at quite a financial sacrifice, I assume, the role of first Ombudsman in the province of Ontario. I wish to thank him primarily for his friendship, but also for the attention he paid, while he had that duty of people's advocate, to the many problems vis-à-vis citizens and government in northern Ontario, particularly problems of the native peoples.

Arthur Maloney and I, although we did not sit on the same side of the House of Commons, happened to be good friends, and I wish to compliment him for his political services beyond his legal talents, and also to extend the hope that he will continue, upon resuming his private law practice, to be as successful, not only in his own interests but in the interests of his clients, as he has been in the past.

**Senator Flynn:** Honourable senators, I wish to put a question to the sponsor of the bill. It is quite obvious that the federal government is losing nothing in this arrangement, nor is it costing the government of Ontario anything, but it seems to me that it is costing Mr. Justice Morand something in that at age 65 he would be eligible to become a supernumerary judge with full salary. If he is no longer a judge of the Supreme Court of Ontario at that time, he will be entitled only to the pension, which is two-thirds of his salary. Has that aspect of the problem been taken into consideration?

**Senator Walker:** Before Senator Thompson answers that question, may I say that Mr. Justice Morand is fully aware of the position, but he can struggle on because he will have his salary as an Ombudsman after the age of 65, and his wife upon his death will receive two-thirds of his former salary.

**Senator Flynn:** I thought he received nothing after the age of 65.

**Senator Benidickson:** May I ask a further question now? I realize Senator Thompson will answer all of these questions in due course. Is a supreme court judge not entitled to remain as such until the age of 75? Was not that the purport of Senator Flynn's question?

**Senator Flynn:** Yes.

**Senator Benidickson:** If he is obliged to retire as Ombudsman, is he not entitled, provided he is in good health, to resume his position as a judge of the Supreme Court of Ontario?

**Senator Flynn:** Not if he resigns now.

**Senator Asselin:** I should like to ask Senator Thompson what will happen if Mr. Justice Morand dies during his period of service as Ombudsman of Ontario. What will be the privileges of his widow?

**Senator Thompson:** In connection with the first question posed by Senator Flynn, my understanding is that on retirement as Ombudsman Mr. Justice Morand will receive only his annuity payment from the federal government and not the Ombudsman's salary.

In answer to Senator Asselin's question, my understanding is that Mr. Justice Morand's widow would receive a pension, which I believe is 50 per cent.

**Senator Asselin:** If he dies before the age of 65, does his widow receive the same pension?

**Senator Flynn:** Yes.

**Senator Walker:** The amount is two-thirds, whether he dies or retires.

**Senator McIlraith:** Honourable senators, I want to raise a question about the bill. Incidentally, it is a bill I rather welcome, but I should like to draw attention to the French language version. In the English language version the reference throughout is to the Honourable Mr. Justice Donald Raymond Morand. In the French language version the reference is to Monsieur le juge Donald Raymond Morand.

My recollection is that the custom is to use the French equivalent of the term "the honourable." I hope that point is looked into before the bill proceeds to its conclusion. I have no desire to delay it unduly, but I should like the point considered. If I am correct in my assumption that the custom has been to use a translation of the English phrase "the honourable Mr. Justice," then I think that should be used in the French version.

**Senator Thompson:** As a matter of fact, Senator McIlraith, I put that very question to the Department of Justice, and their reply was that in the official reports of decisions of the Supreme Court of Canada and decisions of the Appeal Court of Quebec the practice has been to use the expression "Monsieur le juge". However, I am informed that no definite policy statement has been made on this question. In fact, when I spoke to one of the officials he told me that he assumed it would be "the honourable" in French as well as in English, in deference to the position of the judge.

In any event, the point has been brought to the attention of the department and I am sure a decision will be made on it, but they did emphasize that use of the expression "Monsieur le juge" is modern practice, and in no way is intended to derogate from the position of the judge.

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask the sponsor of the bill a question, which perhaps is necessary for me to ask only because I did not understand clearly what he said. I thought he said that because of its agreement with the Government of Ontario there was no cost to the Government of Canada and none, except the difficulty mentioned by the Leader of the Opposition, with respect to the honourable judge. I did not quite understand how the payment of the pension and the salary were put together so as to make a certain package which would be received by the judge during his term as Ombudsman.

[Senator Benidickson.]

**Senator Thompson:** Senator Smith, I apologize if I did not make the point sufficiently clear. There is no cost to the federal government when Mr. Justice Morand takes on the role of Ombudsman, in that the Ontario government will pay to the federal government the annuity which Mr. Justice Morand is receiving.

• (1450)

If Mr. Justice Morand had not accepted the role of Ombudsman, the federal government would be paying his annuity when he reached the age of 65 anyway. The situation is that during his absence from the bench the federal government is being reimbursed. When Mr. Justice Morand reaches the age of 65, the federal government will assume responsibility for his annuity.

**Senator Smith (Colchester):** I understand that perfectly, and I thank the honourable senator for his answer. Apparently I did not make my question clear. To put it specifically: During the time that the judge is serving as Ombudsman, does he receive the annuity from the federal government, which is reimbursed by the Government of Ontario, plus a salary from the Government of Ontario?

**Senator Thompson:** He receives the annuity from the federal government, which is reimbursed by the Government of Ontario. He does not receive, in addition, a salary from the Government of Ontario.

**Senator Flynn:** Yes, he does. He has to. He has to receive at least the difference between two-thirds and the full judge's salary while he acts as Ombudsman. He must be paid another amount.

**Senator Thompson:** Initially, I thought that this was a simple bill, which is a mistake that anyone in the Senate can make.

**Senator Flynn:** You should have asked for support from Senator Laird.

**Senator Benidickson:** There are too many lawyers here.

**Senator Thompson:** Clause 2 of the bill provides that the Government of Ontario will reimburse the federal government for the annuity and any other benefits—I am assuming that those benefits are hospital insurance, and so on—paid to Mr. Justice Morand until he reaches the age of 65 years. I am advised that an agreement in writing has been entered into between the Ontario government and the federal government as contemplated by clause 2. Therefore, the net payment by the federal government will be nil until Mr. Justice Morand turns 65 years of age.

I recognize my friend's eminence as a lawyer, and I appreciate his comments. My understanding is that Mr. Morand will not receive two salaries, but just one.

**Senator Flynn:** He does not receive two salaries. He receives a pension from the federal government which the Government of Ontario reimburses. But, in addition to that, he must be paid a salary by the Ontario government. I think you will find that in the terms of appointment of Mr. Justice Morand as Ombudsman. There is no doubt about that.

**Senator Langlois:** We are not concerned with that.

**Senator Flynn:** We are not concerned with that, but we have to know about it to understand what exactly is the agreement.

**Senator Benidickson:** Honourable senators, I do not think my question was adequately answered. Perhaps I missed the point. I believe my question was: If Mr. Morand ceases to be Ombudsman at the age of 65, and if present federal legal provisions prevail, has he the right, if he is in good health, to resume his position as a judge of the Supreme Court of Ontario, or is there an agreement that from this point on he receives only his pension?

**Senator Thompson:** My understanding is that he will resign from the bench, and his possible reappointment will depend upon the good offices of whatever government is in power at the time, and whether he himself would accept reappointment.

**Senator Flynn:** He would be too old. He could not be reappointed as a supernumerary judge.

**Senator Goldenberg:** If it makes the Leader of the Opposition happier, I would mention that I remember Mr. Justice Morand's father, who was a Conservative member of the other place.

**Senator Flynn:** Hearing all the compliments that were paid him, I suspected that.

**Senator Smith (Colchester):** Honourable senators, I do not wish to delay this measure by persisting in my search for information, but I believe we are entitled to understand exactly what is being done here. This is not the only way to ensure that the honourable and distinguished judge receives an annuity—that annuity to which he would be entitled when he reached the age of 65. There are other ways of doing it.

The reason why this complicated way was chosen intrigues me. For instance, the statute could simply say that the pension to which he would have been entitled at the age of 65 is vested in him now and becomes payable. I think the house is entitled to know why this circuitous method was chosen.

**Senator Thompson:** I think I shall have to obtain a further explanation. Frankly, I was also intrigued by this, because I recalled to mind Mr. Justice Hall, who made a study for the Province of Ontario. Honourable senators will remember the Hall-Dennis report on education. As I understand it, Mr. Justice Hall was granted leave of absence to enable him to engage in that study, after which he assumed his former position. However, I am not a lawyer and I do not know all the facts.

It was suggested to me that the role of an ombudsman can at times become—and in this regard we can look at the incumbency of Mr. Arthur Maloney—one of controversy and very high profile when he is fighting for the rights of individuals. Because of the high profile and controversial position which an ombudsman has to assume, his duties are quite different from those other duties that a judge might undertake. Therefore, Mr. Justice Morand must clearly be seen to have resigned his position as a judge, because that is an impartial and objective position and not the high profile position of a servant of the legislature. That is the reason for this procedure.

I am not sure that I have given an adequate reply to the honourable senator. I shall try to obtain additional information for tomorrow.

**Senator Smith (Colchester):** Honourable senators, rather than delay this matter any longer, I am prepared to agree to second reading now, but perhaps tomorrow when he moves third reading, if that is the intention of the honourable senator, he could be armed with the information.

**Senator van Roggen:** Honourable senators, I would ask Senator Thompson if he does not consider that the bill deals with this matter in a more direct and simple way than that suggested by Senator Smith (Colchester). Senator Smith's procedure would not provide for a situation in which the retired judge is taken ill two years from now, at the age of 62, and has to cease his duties as Ombudsman. Under the present bill, his pension would commence immediately. If we were to follow Senator Smith's suggestion, there would be a hiatus of three years in the payment of the pension.

**Senator Smith (Colchester):** Not at all. If the pension is vested in him, it becomes payable on the same terms that would apply in any other circumstances. It becomes payable if he becomes disabled, or in any situation that is authorized by law. As I say, I do not seek further delay today.

**Senator Forsey:** Honourable senators, surely the answer to Senator Smith's question is that the Department of Justice likes doing things in a complicated fashion. If it has a choice of a simple or complicated way of doing things, it will invariably choose the complicated way. We have had other and notable examples of that.

**Senator Walker:** Honourable senators, to bring this matter to a close, there is a perfectly simple explanation. Mr. Justice Morand has said to the department, "I am not going to become Ombudsman now and lose my pension," so all they do is pay up his pension. The Ontario government pays the amount of money necessary between now and the time when he becomes 65 years of age and thus entitled to the pension, as a result of which he will receive an immediate annuity equal to the maximum he would have obtained at age 65. That is all that has been done. It is simplicity itself. It does not require any further research, so far as I can make out. Whatever other arrangement has been made by the Ontario government with him is, naturally, not incorporated in Bill C-33.

Motion agreed to and bill read second time.

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

● (1500)

**Senator Walker:** Now.

**Senator Thompson:** Honourable senators, I am impressed by the joint sponsorship which is so generously offered by Senator Walker but, in view of the question that has been asked, I will move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, December 21, 1978**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report by the Tariff Board respecting Exemption from Duties for Certain Institutions and Goods under Tariff Items 69605-1 and 69610-1, Reference No. 155, together with Background Papers No. 1, 2 and 3 (English and French texts), and a copy of the transcript of evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter T-1, R.S.C., 1970.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, dated December 18, 1978, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Bell Canada and the craft and service employees, represented by Communications Workers of Canada.

2. R. L. Crain Limited and Employee Elected Council Atlantic Plant hourly paid group, Moncton, New Brunswick.

3. County of Oxford and its employees represented by Canadian Union of Public Employees, Local 1589.

4. Regional Municipality of York and its employees in the executive group.

Copies of reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Richmond Housing Corporation Board, St. Peter's, Nova Scotia, dated December 15, 1978.

2. Town of Rothesay, New Brunswick (administrative, municipal and policemen employee groups) dated December 19, 1978.

3. Corporation of the Borough of Scarborough, Ontario, dated December 15, 1978.

4. Dr. Robert M. Shaw, London, Ontario, dated December 15, 1978.

5. Swan River Valley Hospital, Swan River, Manitoba, dated December 15, 1978.

6. Tremblay Express Ltd., Jonquière, Quebec, dated December 15, 1978.

## FUGITIVE OFFENDERS BILL

REPORT OF COMMITTEE ADOPTED

**Senator Goldenberg,** Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 21, 1978

On December 7, 1978, the Standing Senate Committee on Legal and Constitutional Affairs, having examined the Bill S-9, intituled, "An Act respecting fugitive offenders in Canada", reported the same with certain amendments. The report of your committee was adopted by the Senate on December 11, 1978.

On December 19, 1978, during consideration of the motion for third reading of the bill, it was moved in amendment that the bill be not then read the third time but that it be amended. It was also moved in amendment that the motion in amendment be referred to your committee and that the bill be referred back to your committee for further consideration.

Having examined the motion in amendment, your committee now recommends the adoption by the Senate of the proposed amendment, which reads as follows:

*Page 2, clause 2:* Strike out lines 21 to 40 and substitute the following:

"(*a*) the murder, kidnapping or other assault on or restriction of the liberty of

(i) a head of state, including any member of a collegial body performing the functions of a head of state under the constitution of the state concerned, a head of a government or a minister of foreign affairs, and

(ii) a person mentioned in paragraphs (*b*), (*c*) or (*d*) of the definition "internationally protected person" in section 2 of the *Criminal Code* in the circumstances described in those paragraphs,".

Having re-examined the bill, your committee also recommends that the bill be further amended as follows:

1. *Page 3, clause 2:* Strike out lines 12 to 14 and substitute the following:

"(*b*) any country or territory within the Commonwealth that though not sovereign and independent is not designated as a dependent territory pursuant to paragraph (*a*);"

2. *Page 4, clause 2:* In the English version only, strike out line 8 and substitute the following:

"has been so designated."

It should be noted that the amendment set out in item 1 above replaces the first amendment of your committee's report of December 7, 1978, and the amendment set out in item 2 above is an additional amendment.

Respectfully submitted,

H. Carl Goldenberg,
*Chairman.*

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

**Senator Goldenberg,** with leave of the Senate and notwithstanding rule 45(1)(f), moved that the report be adopted now.

He said: Honourable senators, I shall be brief. The changes recommended to this bill by the committee are technical and intended solely for clarification. It is for this reason that I ask that it be taken into consideration now.

Motion agreed to and report adopted.

THIRD READING

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

**Senator McIlraith:** Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator Connolly, P.C., that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** It is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C., that the bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

**Senator Asselin:** On division.

Motion agreed to and bill read third time and passed, on division.

## UNEMPLOYMENT INSURANCE

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE TABLED

**Senator Bonnell,** Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Wednesday, December 20, 1978

The Standing Senate Committee on Health, Welfare and Science, which was authorized by the Senate on Wednesday, November 29, 1978, "to examine and consider the subject matter of Bill C-14, intituled: An Act to amend the Unemployment Insurance Act, 1971, in advance of the said bill coming before the Senate, or any matter relating thereto", has, in obedience to the order of reference, examined the said subject matter and now reports that it approves of the principle of the bill.

Respectfully submitted,

Lorne Bonnell,
*Chairman.*

**Senator Bonnell:** Honourable senators, with leave of the Senate—

**Senator Flynn:** No.

**Senator Bonnell:** —and notwithstanding rule 78(3)—

**Senator Flynn:** No.

**Senator Argue:** Hear him out.

**Senator Flynn:** No.

**Senator Bonnell:** Please hear me out and then say no. I was going to ask that you be given an increase in salary.

**Senator Flynn:** Even to that, no.

**Senator Bonnell:** I move, seconded by Senator McNamara, that the report be taken into consideration now.

**Senator Flynn:** No.

**Senator Bonnell:** All right, then, next sitting. Does that suit you?

**Senator Flynn:** The 27th.

**Senator Bonnell:** Next sitting.

**Senator Flynn:** A report like this is tabled without debate, according to our rules.

**Senator Bonnell:** Then I wonder if the honourable senator would give me permission to make a short statement to explain the report.

**Senator Flynn:** No, we do not need it.

**Senator Langlois:** Next sitting.

**Senator Petten:** Next sitting.

**Senator Bonnell:** Next sitting.

**The Hon. the Speaker:** It is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator McNamara, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Flynn:** No.

**Senator Roblin:** Before we discuss this matter, I should like to have some assurance that the proceedings of this committee will be available for members such as myself to study.

**Senator Petten:** They will be available.

**Senator Roblin:** Plus the report?

**An Hon. Senator:** Yes.

**Senator Roblin:** That is comforting to know.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion that the report be taken into consideration at the next sitting?

**Senator Flynn:** No.

**Senator Langlois:** Next sitting.

**Senator Flynn:** We don't have to approve it.

**The Hon. the Speaker:** Is it agreed to, honourable senators?

**Senator Flynn:** No motion is necessary. It is only a notice of motion. He gives notice and that is all there is to it. We don't have to approve it.

**Senator Langlois:** I should like to ask the honourable senator to look at rule 78(3), which reads as follows:

> A report which by its own terms is for the information only of the Senate shall be laid on the table but may on motion be placed on the orders of the day for future consideration.

That is all the honourable senator is asking for.

**Senator Flynn:** He is giving notice.

**Senator Langlois:** He is not giving notice. He has made a motion.

**Senator Flynn:** We are not on motions yet.

**Senator Langlois:** He just tabled this report.

**Senator Flynn:** On motions—

**Senator Langlois:** I would beg the honourable senator to take his time, "to hold his horses", as we say, and read paragraph (3) of rule 78, which for his information I am going to read again:

> A report which by its own terms is for the information only of the Senate—

This is the very nature of the report.

> —shall be laid on the table but may on motion be placed on the Orders of the Day for future consideration.

That is exactly what the honourable senator has moved, that it be placed on the Orders of the Day for consideration at the next sitting.

**Senator Flynn:** Motions, according to the rules, come only at the end of the Orders of the Day. If he wants to make his motion at that time, all right, but at this time it is too early. You should also read the rules.

**Senator Langlois:** I have read the rules. I know them as well as you do, my friend.

## FOREIGN AFFAIRS

### EFFECT OF POLITICAL SITUATION IN IRAN ON OIL IMPORTS TO EASTERN CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I hope the spirit of Christmas pervades this chamber before the afternoon is concluded.

Yesterday Senator Bosa asked a question, having asked previous similar questions, with respect to the possibility of a shortage of oil deliveries to Canada's east coast as a result of the Iranian disruption. I now have a statement from the Department of External Affairs on the subject.

● (1410)

To our knowledge, the political situation in Iran has not resulted in any shortage of deliveries to refineries in Canada. The situation, of course, will continue to be watched closely. I can state that there is in place an emergency oil sharing system among International Energy Agency members which include Canada. In the event of a disruption of Iranian oil exports which resulted in the IEA as a whole or any member country sustaining a significant reduction in its oil supplies, this emergency system would be activated.

## THE HONOURABLE MR. JUSTICE DONALD RAYMOND MORAND

### BILL TO AUTHORIZE GRANTING OF AN IMMEDIATE ANNUITY—THIRD READING

**Hon. Andrew Thompson** moved the third reading of Bill C-33, to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand.

He said: Honourable senators, I promised Senator Smith (Colchester) that I would have a reply to a question he raised, and accordingly I spoke to the department about it. They explained to me that the agreement arrived at in connection with this bill was one that has been worked out between the judge and the Government of Ontario, and then with the federal government.

It was suggested by Senator Smith that there might be a simpler method. I asked the departmental officials: Why not just vest this annuity for five years? It was explained to me that that in itself would require another act. The desire of all the parties was that in the unhappy event of the death of the judge while ombudsman his widow would be protected. By this simple, clear approach, as Senator Walker so ably described it, they felt they had arrived at that objective.

**Senator Smith (Colchester):** I thank the honourable senator for his efforts to obtain an explanation relevant to the question I had asked. I appreciate the explanation. I will not take up any more time of the Senate on this matter, but I do know that a much simpler and more straightforward arrangement, and one that would have protected the widow, could have been worked out.

Motion agreed to and bill read third time and passed.

## PUBLIC BILLS

### SUSPENSION OF RULES 44, 45 AND 78

**Senator Langlois,** pursuant to notice of Thursday, December 14, 1978, moved:

> That until December 31, 1978, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

**Senator Flynn:** Honourable senators, I rise on a point of order. There is a motion standing in my name which would follow that of Senator Langlois. My motion, if adopted, would adjourn the Senate until Wednesday next when it adjourns today. If this motion were adopted, we might not have any objection to the motion of Senator Langlois. Therefore, I suggest we deal with my motion first.

If my motion is defeated, then we can deal with his motion on its merits. However, as I said, we might not have any debate on his motion if mine, were to carry. I think it would be logical for the Senate to deal with my motion first.

**Senator Langlois:** Honourable senators, I am surprised to hear Senator Flynn asking for co-operation after he refused co-operation a few minutes ago. Just the same, my motion comes first, so I suggest we deal with it in its proper order.

**Senator Flynn:** I rose on a question of privilege. I did not ask for co-operation.

**Senator Langlois:** I did not say that at all. If you would only listen instead of trying to find an answer before I say anything.

**Senator Flynn:** You said that I asked for co-operation.

**Senator Langlois:** You are asking for co-operation so that your motion can be put ahead of mine. That is what you have just asked for.

**Senator Perrault:** Listen and gain wisdom.

**Senator Flynn:** I asked the Senate to decide on your motion after it heard my motion.

**Senator Langlois:** I am sorry for my honourable friend, but I am going to adopt the same attitude that he has been adopting. I will not yield to him. My motion comes first, so it will be dealt with first.

**Senator Flynn:** Non-cooperation is not new with you.

**Senator Langlois:** It is not with you either.

**Senator Flynn:** You are a stubborn mule.

**Senator Langlois:** Keep those remarks to yourself. They apply to you more.

**The Hon. the Speaker:** It is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Perrault, P.C., that until December 31, 1978, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

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

**Senator Flynn:** Have you anything to say?

**Senator Langlois:** I will refresh your memory.

On Thursday, December 21, I gave notice of this motion. It is quite normal at this time of the year that a motion of this kind be made. We are nearing the adjournment of the session, and we expect that an important measure will come before us tomorrow. It is the practice of this chamber, as it is of the other place, to ask at such time for a suspension of the rules indicated in the motion. It is a very simple motion.

[Senator Langlois.]

My honourable friend has been a member of this chamber and a member of the other place long enough to know that it is normal to make this motion at this time when we are about to adjourn for the Christmas recess. We shall adjourn some time tomorrow or the day after—or even next week, if his motion carries. However, I will not anticipate his motion at all. If his motion carries, my motion does not mean anything. I do not know why he is insisting on having his motion heard first. If his motion is adopted, I am in the hands of the Senate, as he is. We are all in the hands of the Senate, and honourable senators will decide what is right and what is wrong and what we should do today.

The only purpose of this motion is to try to expedite the work of this chamber and deal with an important piece of legislation, namely, Bill C-14, to amend the Unemployment Insurance Act, 1971, which is presently before the other place.

**Senator Flynn:** Honourable senators, the matter is not as simple as the deputy leader would suggest. He did not tell the entire truth about this motion.

● (1420)

**Senator Langlois:** That is unparliamentary language. If you have any decency, you will withdraw that remark.

**Senator Flynn:** My statement was not that you did not tell the truth, but that you did not tell the entire truth.

**Senator Langlois:** That is enough.

**Senator Flynn:** I am going to add to your remarks what you neglected to say.

**Senator Langlois:** Honourable senators, I rise on a question of privilege. My honourable friend cannot impute motives.

**Senator Flynn:** I am not imputing motives.

**Senator Langlois:** Your remarks are totally unparliamentary. If you wish to carry on in this fashion, you will be judged accordingly.

**Senator Flynn:** I will rephrase my remarks and say you did not tell the entire story.

**Senator Langlois:** That is much better.

**Senator Flynn:** My honourable friend says that that is much better. It is the same thing.

**Senator Langlois:** Perhaps in your mind, but not mine.

**Senator Flynn:** In my mind, yes, and probably in the minds of all other honourable senators.

The very reason for my motion is that we cannot expect to receive Bill C-14 before 5 o'clock tomorrow afternoon—

**Senator Langlois:** Four o'clock.

**Senator Flynn:** That is what you say. I think it will be at least 5 o'clock before we receive it. But even if it were 4 o'clock, honourable senators, by virtue of the deputy leader's motion, we would be forced to pass the bill through all stages in a matter of a few hours.

**Senator Langlois:** That is your interpretation.

**Senator Flynn:** Surely you are not suggesting that it is the intention to wait all day tomorrow for the bill, debate it for a few hours, and then adjourn the debate until next week. If you are in fact willing to come back next week, then both your motion and mine can be adopted. It is that simple.

**Senator Langlois:** The adoption of your motion would render my motion meaningless.

**Senator Flynn:** Not at all. By adopting your motion, we would be agreeing to proceed with first and second readings when we come back next Wednesday. In other words, we would not require the normal two days' notice. As things stand now, you are trying to impose a form of closure.

**Senator McIlraith:** No.

**Senator Flynn:** I am willing to bet with you, Senator McIlraith.

**Senator Langlois:** There is no betting in this place.

**Senator Flynn:** I know there is no betting in your caucus. I know how things go in your caucus. You have to follow the directions given by the government. If this motion is adopted, honourable senators can be assured that this bill will be passed tomorrow night.

**Senator Langlois:** Not necessarily.

**Senator Flynn:** My honourable friend says, "Not necessarily." If that is not his intention, then why does he not agree to my motion and have the measure dealt with in proper fashion next week? Assuming we dispense with the rules in question and proceed to consider this measure tomorrow evening at 5 o'clock, can we reasonably consider the measure, putting it through all phases of its passage, in the span of a few hours? Can we reasonably be expected to proceed immediately with debate on the motion for second reading, have a vote on the principle of the bill, have it referred to committee where amendments can be moved, have the committee report the bill back to the Senate, either with or without amendment, proceed with debate on the motion for third reading—and that is the stage at which we on this side normally would move amendments—all in a matter of five hours?

Surely we have been laughed at enough. To again adopt a servile attitude toward the government, and pass this bill tomorrow simply because that is the minister's wish, would lead to ridicule.

**Senator Langlois:** We are not asking that it be passed tomorrow.

**Senator Flynn:** If that is not your intent, then let's adjourn until next Wednesday and deal with the bill at that time. We can have first and second readings on Wednesday and have the bill referred to committee for either Wednesday evening or Thursday morning. If we did that, the committee could report back to the house on Thursday afternoon, and there could then follow normal debate on the motion for third reading. That would be the normal course of events.

If the motion to suspend rules 44, 45 and 78 is adopted, we could not then object to the bill's passage through all stages at the same sitting.

**Senator Langlois:** We are not saying that.

**Senator Flynn:** Well, if you are not saying it, why don't you withdraw your motion?

**Senator Langlois:** Why don't you read the motion first?

**Senator Flynn:** You say that until December 31 no notice is required for first, second or third reading or otherwise, that we can pass any bill without any day intervening, and without accepting any objection whatsoever from people who would like this discussion to take place in a normal way. The deputy leader said it was normal practice. I know that at one time it was, but the deputy leader will agree with me that I succeeded in convincing him, at least in the last session, that it was not needed, because we on this side have always co-operated when the request was reasonable. And I say that this request is not reasonable.

It is depriving this side, the opposition side, where we are small in numbers, of the only possibility of discharging properly its responsibilities. That is why I said before that this is the equivalent of closure, but it is even worse than closure in the other place, because there at least they have two days; they have one day for second reading and report stage, and one day for third reading. Here you are saying that you can push us to pass the three stages of this bill in a few hours. And that is what is going to happen.

If you tell me you are prepared, after the sponsor has explained the bill tomorrow, to accept the adjournment of the debate to next week by the member on this side charged with the main speech in reply to the sponsor—

**An Hon. Senator:** Why not Saturday?

**Senator Flynn:** A sitting on Saturday would be against the rule, and according to the leader there is no wish to sit on Saturday.

**Senator Langlois:** Nobody said that.

**Senator Flynn:** According to the rule when the Senate adjourns on Fridays it stands adjourned until Monday. Possibly you could add that to your motion, to dispense with the adjournment on Saturday and on Sunday too. If you want to make it absolutely complete, you could possibly amend your motion to say that we could sit on Saturday, Sunday and on Christmas Day as well. Why not? If you want to push you can push.

Again I ask if you would accept from the senator on this side charged with the responsibility of replying to the sponsor of the bill a motion to adjourn the debate until next week? If you say yes, then I will say let us adjourn right away. If you say no, then again I tell you that you are imposing closure on this group and you are preventing this group from discharging its responsibilities in the normal way, and really you do not care at all about the Senate. I cannot imagine that the Leader of the Government would not co-operate with this side. I have given him assurances that if we come back in the normal course next week, we can dispose of this bill normally; that is, enabling us to have a debate on second reading, to have the bill referred to committee and to have a normal debate on third

reading. I have given that assurance, and I am willing to prove the point by voting for the motion of Senator Langlois, if my motion is accepted.

● (1430)

I cannot give a better assurance. If you do not agree with that, it means that you are trying to force us to pass this bill tomorrow between 5 o'clock and 12 o'clock. I know that this is what the minister wants, and that is what will happen if you have your way. If that is the kind of attitude you have towards the responsibility of the Senate to deal with legislation in a proper way, well, I leave you the responsibility; but I certainly will not concur in that attitude. Indeed, I denounce that attitude and I suggest that possibly Bill C-60 should be reintroduced in its original form.

**Senator Perrault:** Honourable senators, we have listened with interest and a good deal of courtesy to the remarks of the Leader of the Opposition. I find it rather intriguing that the honourable senator would invoke parliamentary tradition and talk in terms of the rights of the opposition, the rights of free speech, and all the rest of it, after refusing the most elementary type of courtesy to the chairman of a committee which has painstakingly investigated the subject matter of this bill over many days. I cannot conceive of a worse discourtesy by a leader of an opposition group. I have never in all the time I have served in legislatures and in the other place witnessed such a discourtesy, where the respected chairman of a respected all-party committee is denied the opportunity to explain even in a preliminary manner what that committee has attempted to do with an important bill over a number of days.

**Senator Flynn:** Tomorrow.

**Senator Perrault:** You know, honourable senators—

**Senator Flynn:** Tomorrow.

**Senator Perrault:** Honourable senators, if we are going to work together in this chamber, we must co-operate. At every stage of the committee investigation of the subject matter of this unemployment insurance bill there has been the utmost degree of communication between the Leader of the Government and the Leader of the Opposition.

Days ago, when it was anticipated that this would be a controversial bill in Parliament, it was agreed, and there was a consensus developed, that there should be a careful and detailed pre-study of the subject matter by the Senate so that no one could ever accuse the Senate of rushing through at the last minute such an important measure. That was agreed to by honourable senators.

**Senator Smith (Colchester):** No.

**Senator Flynn:** No.

**Senator Smith (Colchester):** Not at all.

**Senator Perrault:** Honourable senators, I am talking about the consensus that was achieved.

**Senator Flynn:** The consensus means only the Liberal majority for you.

[Senator Flynn.]

**Senator Perrault:** Honourable senator, would you remain seated? Other people would like to speak. I received—

**Senator Smith (Colchester):** Don't be so discourteous yourself.

**Senator Flynn:** Yes, you are the one who is discourteous.

**Senator Perrault:** I received no objections from any opposition senator to the procedure of pre-study which had, I repeat, the general support of honourable senators.

**Senator Smith (Colchester):** Well, that is not the same thing, and it is objectionable.

**Senator Perrault:** But here this afternoon the Leader of the Opposition denied the Honourable Senator Bonnell, who has worked many extra hours on this, together with members of his committee, the opportunity to explain even the basis of the report. He was denied that civilized, parliamentary courtesy. Senator Flynn stood up, and the word was "no."

**Senator Flynn:** Sure it was.

**Senator Perrault:** "Don't confuse me with the facts. My mind is made up." That was the attitude of the Leader of the Opposition. "Don't confuse us with the facts."

**Senator Smith (Colchester):** Well, give us a few facts.

**Senator Perrault:** Now we are told that the motion under discussion is somehow an abrogation of freedom and parliamentary democracy and the traditions of this place. The parliamentary traditions in this place also establish the right of the majority, in the ultimate, to decide what is going to happen in Parliament.

**Senator Flynn:** I know that; you've made it clear so often.

**Senator Perrault:** After fair discussion and debate has been held in committee and in the chamber.

**Senator Smith (Colchester):** Fair discussion is all we ask for.

**Senator Perrault:** There is no abrogation of freedom involved here. When Senator Flynn served in the Diefenbaker administration precisely the same motions were brought in at Easter and Christmas, and the honourable senator is fully aware of that fact.

**Senator Flynn:** It was the wish of the majority at that time.

**Senator Perrault:** He is fully aware of that fact and so we need no fallacious statement here this afternoon that somehow this motion violates some parliamentary tradition. It is not closure. It denies no basic rights. It is a perfectly normal procedure designed to expedite the business of Parliament for good and valid reasons after there has been a fair and full discussion of important proposals.

**Senator Smith (Colchester):** Then let's have a full discussion. That's what we want.

**Senator Perrault:** So let not the opposition dare to plead that somehow their rights are being trampled under. Increasingly, these tactics appear to be a parliamentary ploy designed

to embarrass the government and the members on the government side. We cannot accept the opposition's proposals.

**Senator Smith (Colchester):** I yield to my colleague.

**Senator Roblin:** I thank my honourable friend.

Honourable senators, I have up to this point taken no part in discussions of the rules of this chamber, for the obvious reason that as a relatively new member of the Senate I cannot claim to have the same familiarity with either the word or the tradition under which this body sees fit to conduct its affairs. But I think I may say, as a former parliamentarian in another place, that I know something about what the rules are for. The rules of any chamber of the parliamentary character such as this have two principal functions to discharge. The first is to conduce to the orderly, considered conduct of the public affairs, and the second is to protect the rights of the opposition to have its day in the parliamentary procedure. Those are the reasons why a chamber of this sort has rules, and those are the reasons why I am on my feet today to protest the remarks of the Leader of the Government, when we object to his proposal that we should abandon the rules for whatever purpose, that we are not within our rights in expressing our objection to such a move.

I was astonished to hear him criticize the Leader of the Opposition because he invoked the rules—which are there for the protection of minority parties in this house, among other things—to prevent the beginning of a debate on Bill C-14.

Honourable senators, so far as I am concerned, I have not received to this moment the full proceedings of the committee, so I do not know what went on at its meetings. How, then, is it expected that opposition senators can discharge their duty if they do not object to the commencement of the debate on Bill C-14? To say that that was discourteous, was disaccommodating, or unco-operative, on the part of my honourable friend, indicates a strange view of what rules are for in a house of this character. I suggest that when we are dealing, as Bill C-14 purports to deal, with perhaps the most important matter that has been before this chamber since this session began last October, we would be derelict in our duty if we did not take seriously our responsibility to familiarize ourselves with what has been going on, so that we can take a proper part in the debate.

Therefore I am one of those who agree with my honourable friend, the Leader of the Opposition, in saying that we should invoke the rule, and that is all we did. The rule is there for a purpose, to secure the orderly conduct of our affairs and to give the minority the right to have their say in this place. I believe there has been no flimflammery in the position we have taken in respect to this matter, and I reprobate the chastisement that my honourable friend, the Leader of the Government, sought to inflict upon the Leader of the Opposition. It is a phony argument.

I come now to the question that is before us. My honourable friend, the Leader of the Opposition, put his finger on the crux of the matter by asking whether or not adjournments would be permitted. It is pretty obvious, from what we have heard so far, that it is quite unlikely that they will be permitted. So what are we being asked to do? We are being asked to come in here Friday afternoon and, between then and midnight on Friday, to proceed with all stages of this bill. The House of Commons has been at it since November 2, which is quite a long time ago. They have raised matters of complexity, with which this bill abounds, and I am sure that we might find that we have the same problem with it.

But what strikes me particularly about the proposal we are being asked to support today—that the rules concerning notice be eliminated—is the fact that we are being asked, in the few hours on Friday, to go through all stages of the bill, namely, second reading, the committee stage and third reading. If someone will tell me that we will be allowed the right of adjournment, that the government will not prevent us from having an adjournment, then that is another thing.

• (1440)

The other day, however, along with some other members of this house, I had to undergo the humiliation of hearing the Leader of the Government of Canada proclaim, by means of Bill C-60, that this house was not discharging its duties in an effective way. I do not know how it affects the more senior members of this house, but I, as a junior one, found it humiliating to be held up to public obloquy in that fashion.

One of the things we are supposed to do in this house is to give sober second thought to legislative measures put before us, and I defy anyone to tell me how we can do that if we have to deal with this bill in the way that has been suggested.

I am not in favour of filibustering in this chamber. There is a place for filibusters, but it is not here. We do not proceed on that basis. No one on this side is interested in delay for delay's sake, and we are not interested in filibustering this bill. What we are interested in is giving the bill careful consideration, and I think the assurance that my leader has given as to the course we would take if allowed to proceed in the normal fashion is certainly adequate to convince members of this house that we should do as he suggested.

I repeat that we are not interested in delay for delay's sake. What we are interested in is a careful consideration of this bill, which is going to affect 1,800,000 citizens of this country. That is a lot of Canadians. This is the most important matter that has come before us this session. It involves the rerouting of about $1 billion, more or less, of public moneys, and is something, it seems to me, that cannot be disposed of in the rather abbreviated fashion that has been suggested to us today.

I want to say to my honourable friends that the purpose of the rules in this house is to enable us to conduct our business in an orderly fashion, and to protect the right of the opposition to have its say. I say again to the members of this chamber that the opposition is not interested in delay for delay's sake, or in conducting a filibuster. I am sure I would not be going beyond my brief if I were to say that we would be willing to accept any reasonable proposal that the members opposite might like to make, in order to be sure that these matters will be dealt with in a way that will bring credit to all of us.

This Senate is too often referred to as rubber stamp. This Senate is held up too often as a sort of necessary hurdle over which bills must be pushed, the implication of our critics being: In good times we need not bother, but at times such as we have at the present, with the session drawing to its end, we can push them to the wall and they are going to do as we wish. That is not my idea of how the Senate of Canada ought to conduct its affairs. The Senate of Canada should conduct its affairs in a deliberate and effective way so that we can properly do our duty.

I appeal to the Leader of the Government in the Senate to tell us we can have an adjournment. If we can do that, I am sure all these other problems we have been talking about will fall to the ground. Without that assurance I, for one, cannot support this motion.

**Senator Langlois:** I know that in rising at this time I shall be launching myself upon troubled waters, but I grew used to that during my time in the navy.

**Senator Smith (Colchester):** Will the honourable senator permit a question?

**Senator Langlois:** I am not adjourning the debate. The honourable senator member may speak. There is no closing of the debate at this stage.

**Senator Roblin:** I rise on a point of order. Please instruct me on this matter. Is it proper for the gentleman who proposed the motion to speak other than at the opening and the closing of the debate?

**Senator Langlois:** I am allowed to answer questions put by the Leader of the Opposition and yourself. This is my right, and I do not think anybody can challenge it. I am not closing the debate. I could have delayed answering your questions until the end of the debate, but I am not going to do that. This is my choice, and I hope I am going to be allowed the courtesy of following this course of action now.

**Senator Flynn:** Honourable senators, on the point of order there is no problem but if, under the rules, the sponsor closes the debate—

**Senator Langlois:** I am not going to do that.

**Senator Flynn:** If questions have been put to you, you cannot intervene and answer them one by one. You are there to close the debate and give the replies at the end of the debate. Otherwise the proceedings would be completely disorderly.

I would ask you, Madam Speaker, to look up the rules. Does the rule of speaking only once in a debate, with the exception that the sponsor of a bill may speak on introducing it and again on closing the debate, apply to this kind of motion? If it does, I suggest that the deputy leader is out of order.

**Senator Langlois:** In order not to perturb any further the atmosphere of this debate, I am ready to yield, though not because I think the Leader of the Opposition is right. I yield, in fact, to the honourable senator from Colchester. If he wishes to carry on, then I will close the debate after that.

[Senator Roblin.]

**Senator Smith (Colchester):** Honourable senators, I have no objection if the honourable gentleman speaks now as long as he does not close the debate. However, if he prefers to wait until he hears the pearls of wisdom which I am going to place before him, I will appreciate his courtesy in that respect.

Honourable senators, we have heard a lot about courtesy. Let me begin these remarks by saying that I resent, as strongly as I know how, the lack of courtesy that was displayed by the Leader of the Government towards that distinguished parliamentarian, the Leader of the Opposition, in the rude, discourteous, unjustified and improper way in which he spoke to him. Furthermore, the honourable gentleman does not even have the courtesy to blush at his sin. He laughs at it. He enjoys it.

If one wants to talk about courtesy, one should be courteous oneself. I have rarely heard a more discourteous set of remarks directed towards a parliamentarian than those I heard the Leader of the Government direct towards the Leader of the Opposition. I say again that I resent his action. He ought to know better. The next time he does it, we will remind him of this occasion. This is not the first time he has done this, incidentally.

I repeat, we have heard a lot about discourtesy, but where did the discourtesy begin? After all, people who initiate discourteous conduct must expect to be met with it in return, human nature being what it is. The discourteousness began when it became clear that the Leader of the Government was not going—willingly, at any rate—to allow this matter to be properly considered; was not going to allow the matter, if he could prevent it, to be adjourned until next week, when it could be properly debated. That having become clear before this debate began, how could he expect any courtesy to be extended the very able, worthy and courteous chairman of the committee which did the pre-study of this bill?

That is where the discourtesy started. The Leader of the Government invited it, and apparently he got it, since he complains vigorously about it.

As my colleague, Senator Roblin, said, nobody on this side of the chamber wants to delay things for the mere purpose of delaying them. That serves no purpose. We do, however, want to have sufficient time to study this bill properly, and debate it in the ordinary way, and if, in order to do that, it is necessary for us to invoke the rules, then we are going to invoke them, whether somebody thinks it is discourteous to do so or not. We do not think it is discourteous; we think it is only every-day common sense. One of the few things in a legislative chamber, under our system, that an opposition can do in order to protect its rights, and in order to make sure that it discharges its duties and responsibilities properly, is to debate bills which are worthy of debate, to examine them through all their stages with care, with such reasonableness as it is capable of mustering, which generally means with as much reasonableness as its friends opposite can muster.

• (1450)

The Leader of the Government made an assertion which, I am sure, on reflection he will realize is not quite accurate. As I understood him, he said that the Standing Senate Committee on Health, Welfare and Science was authorized to study this bill, and that is true. We agreed that it should study it. He then went on to indicate that this side had consented to treat that study as an adequate study of the bill for the purposes of passing it through this house. We never agreed to that. We agreed to a pre-study, and that is an excellent thing.

I understand, although I am not a member of it, that the committee worked diligently and effectively in regard to this matter. It is true that the proceedings of the committee, except for the last issues, were distributed fairly promptly to all members of the house. But only the members of the committee, and the few extra senators who from time to time found the opportunity to attend them, know what happened at those meetings, aside from what is contained in the actual printed proceedings. However, those who did not manage to attend those committee meetings are not able to judge from anything, except the cold print, the intonations, inflections and the meanings that were conveyed. In any case, the committee had no opportunity to debate the bill or even the subject matter of the bill.

As I understand the procedure, it was a pre-study such as has been developed and used from time to time in the Standing Senate Committee on Banking, Trade and Commerce where the committee endeavours to familiarize itself with the principle and the main details of a bill. The committee hears witnesses in order to have the bill explained properly and to save a great deal of time later on. I have participated in those hearings many times, and I must say they are excellent things just as I think the pre-study of this bill was an excellent thing.

However, never in the Standing Senate Committee on Banking, Trade and Commerce was there any endeavour to treat the findings or the report of that committee after such pre-study as anything except a time-saver when the bill eventually came to it. Never was there an attempt to say that this pre-study could or should lessen the consideration or debate in this house.

Fundamentally, we oppose this particular motion because we feel that this report is just a preliminary step, and that seems to be clearly borne out by what we have heard today. It is a preliminary step to cut short the procedure for real study, real debate, and real consideration of this bill through all its stages from first to third reading. That is why we oppose this motion.

Honourable senators, I submit that in opposing this motion we are doing this house a real service. We are endeavouring to prevent this house from putting itself in the position where it is clear to all the world that it is not giving proper consideration to this important bill. We are opposing it in order to persuade this house not to go back on all the argument we have sincerely and vigorously engaged in about this being the chamber of sober second thought, and about this being a legislative chamber. I heard just as recently as the day before yesterday a considerable dissertation with which I agree, that this, first of all, is a legislative chamber, and that consideration of legislation is its first and most essential duty. I strongly believe that, and I believed it when I heard the assertion made. We are not going to live up to that duty if, in a few hours, we pass this extremely important bill.

I think no one can dispute the figures which my colleague, Senator Roblin, gave concerning the amounts of money involved and also the 1.8 million Canadians who will be affected one way or another by this bill. Is that a small enough matter to dismiss in a few hours, or is it a large enough matter to exercise our full responsibility and duty to give full consideration to it? I submit it is the latter.

Honourable senators, you have been very patient in listening to me, and perhaps I would be well advised to leave anything further I have to say for the debate on the motion of the Leader of the Opposition.

**Senator Lamontagne:** I should like to ask the honourable senator to tell us how the rights and privileges of the opposition are reduced if the chairman of the Standing Senate Committee on Health, Welfare and Science, and other senators who may wish to do so, are allowed to speak today and tomorrow on the report of the committee.

**Senator Asselin:** Not today; the bill is not before the house.

**Senator Smith (Colchester):** I have no trouble with that question, and I know the honourable senator asked it only for information and not to trouble me.

I think I said why we felt it necessary to take the position we have taken. It is because, before we ever came into this house today, we had excellent reasons for being perfectly convinced that unless we stood up and used the rules as best we could to preserve our rights, and made sure the rules are carefully followed, we would simply be lending ourselves to a situation where this house would conduct itself unhappily and very much to its own disadvantage as well as to the disadvantage of the rights, duties and obligations of the opposition.

**Senator Forsey:** Honourable senators, I rise merely to express my concurrence with the view that the debate on all stages of this bill between perhaps 5 o'clock tomorrow evening and midnight would be quite inadequate.

I do not wish to associate myself with everything that has been said by the Leader of the Opposition and his colleagues, but I do wish to associate myself with that view, and to say that, in my judgment, one has to consider in this matter not merely the rights of the opposition as such, but the rights of senators generally. I wish to say firmly, clearly and emphatically that there is at least one member who is not a member of the opposition, myself, who has some observations to make on this bill which, of course, he could make on the report of the pre-study, but who may also wish to propose certain amendments which he could not do on the pre-study. I suspect there may be other senators who feel the same way. I am not privy to the views of all senators either on the government side or on the opposition side. Perhaps the opposition has no amendments to suggest. Perhaps nobody but myself has any amendments to

suggest. But it seems to me that we should not take any action now which would foreclose action of that sort either by members of the opposition or by members on the government side.

● (1500)

I think it is too much to assume that members on the government side are unanimous in their approval of everything in this bill. I certainly am not. I certainly do not approve of everything in this bill. There are various parts of it which I think are highly objectionable, as I am prepared to explain at the proper time. But I think it is unsafe to assume that merely the rights of the opposition, important as those are, are in question.

If we can get an assurance, as has been suggested by Senator Roblin and by Senator Flynn, the Leader of the Opposition, that the normal procedure will be followed, of allowing the spokesman for the official opposition to move the adjournment of the debate and take the matter up in the normal course when the house reconvenes, there will then be opportunity for debate on second reading, for proceedings in committee, with the possible moving of amendments, for the moving of amendments on third reading. In that case I see no objection at all to the motion of the Deputy Leader of the Government. But without that assurance I think there are very strong reasons why the house should decline to accept the motion which has been moved.

I am sorry to be once again odd man out on the government side, but I feel so strongly about the rights of members of this house, not merely opposition members but all members of this house, that I felt I could not remain silent on this subject.

**Senator Argue:** Honourable senators, the motion before the house at this time causes me a good deal of trouble. I do feel that in general the rules are there for the protection of the rights of individual senators, and that a motion, albeit supported by the majority, that removes those rights is something we should not go forward with without a great deal of consideration.

I am not impressed by the motion of the Leader of the Opposition, which says, "Let's adjourn and go home and come back next week," because there is a day tomorrow, and from the word we receive we expect that we will have this bill tomorrow. I would think a wise procedure would be to be in session on Friday and give consideration to that legislation when it arrives.

I can very well understand the position of the government, and of the Leader of the Government, who has a duty, I would think, to expedite the legislation and make certain, if he can—and I rather think he can—that it becomes law before the end of the calendar year.

**Senator Flynn:** No problem.

**Senator Argue:** I think we can all trust the good judgment of senators themselves, and that includes both the members of the opposition and the members of the government party, because if the official opposition should take it upon themselves to invoke all of the delaying tactics that are provided, if they wish to avail themselves of the opportunity, by the rules, then they might well postpone the bringing into law of this measure for a long time. I do not believe they wish to take that responsibility, so really in a sense what we are deciding is how we will distribute the debate or consideration of this legislation that will be forthcoming.

I think we should sit tomorrow. I think we should look at this whole question very carefully. If we came back a day or so after Christmas, I do not think that would be too inconvenient for senators, in view of the duty we have to perform.

I know lots of screams go up when they invoke closure in the other place. I think they were very justified in invoking closure; they are invoking closure under the rules; the rules are there, and there had been a long discussion of that bill before closure was adopted. It just seems to me, putting it rather mildly, that we are generally in error in endeavouring to have the majority remove the rules that are there for the protection of the rights of all senators, particularly when the government legislation is not, in fact, being threatened, when the question before us is how we shall deal with it in an orderly manner. Therefore I am afraid my position is that I am not able to support this motion.

**Senator Bonnell:** Honourable senators, I am rather confused. I thought that what we were discussing was the first motion, which was the motion of Senator Langlois. During the discussion on that motion we heard a lot of comments about Bill C-14. Just to keep the record straight, so that when honourable senators vote on this motion, which is the first motion, I thought I should tell you what has taken place on Bill C-14 so that you will realize how important this motion is or is not.

**Senator Flynn:** It applies only to that bill.

**Senator Bonnell:** I am going to talk about the first motion. Bill C-14 was being mentioned so many times on the first motion that I thought I should put the record straight as to what Bill C-14 is all about.

**Senator Perrault:** They won't permit you to do it.

**Senator Flynn:** It hasn't reached us yet.

**Senator Bonnell:** I know it hasn't. If it had reached us last Monday it would be finished by now. On November 29 a motion was passed in the Senate:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject matter of the Bill C-14, intituled: "An Act to amend the Unemployment Insurance Act, 1971," in advance of the said bill coming before the Senate, or any matter relating thereto.

Your committee had several sittings, seven in fact, for the purpose of hearing witnesses and to study and consider the subject matter of Bill C-14. We heard the Honourable Bud Cullen, the Minister of Employment and Immigration, as well as his deputy minister, Mr. Marion. We heard from officials of the Canada Employment and Immigration Commission. We

also heard from Mr. Julien Major, Executive Vice-President of the Canadian Labour Congress.

**Senator Flynn:** On a point of order.

**Senator Perrault:** Let him speak.

**Senator Flynn:** I said on a point of order.

**Senator Asselin:** Who is the Speaker?

**Senator Flynn:** I want the house to know that we are not fools enough not to understand that Senator Bonnell is contravening the rules by more or less reciting his report. If he wants to put that on the record, it is his own responsibility, but I should like to let him know that I know what he is doing. When I objected to his comments on this bill I was merely applying the rules. What he is doing now is contravening the rules, and he knows that very well. If you want to continue, senator, go ahead. You have the support of the government majority here.

**Senator Perrault:** On a point of order—

**Senator Flynn:** On the point of order?

**Senator Perrault:** On a point of order, honourable senators.

**Senator Flynn:** Which point of order?

**Senator Perrault:** On a point of order. Let me point out that during Senator Flynn's remarks a few moments ago he contravened the rules of this place. Instead of speaking exclusively to the motion before us, he spent most of his time speaking to Motion No. 2 on the order paper, his own motion, about the reasons he would like to have the Senate come back next week. The Senate was very indulgent on that occasion and, in the usual generous and co-operative spirit which all senators usually attempt to demonstrate, permitted him to "bend" the rules of this chamber. It is to be hoped that the Leader of the Opposition will refrain from his harassment of a very respected senator.

**Senator Smith (Colchester):** Well, well, well! How the Leader of the Government can lead himself astray. He doesn't need much help to do that; he always goes so far afield himself. All the Leader of the Opposition and my colleague and I were talking about—

**Senator Perrault:** Is this on the point of order?

**Senator Smith (Colchester):** I am talking on your point of order, yes, and if you listen—

**Senator Perrault:** Is it on the point of order?

**Senator Smith (Colchester):** Yes, and if you listen you will hear about it. If you don't listen you won't. I give you credit for being able to understand it if you hear it. If you don't listen you won't hear it.

All the Leader of the Opposition was doing was giving the house the reasons why he was unable to support this motion, and why he felt he should speak against it and oppose it.

**Senator Perrault:** You are defence counsel, are you?

• (1510)

**Senator Smith (Colchester):** He doesn't need any defence. He is well able to take on the honourable gentleman and several more like him.

I am just saying that everything the Leader of the Opposition said was directed towards his reasons for not being able to support this motion; everything I said was also directed towards this same point; and everything my colleague, Senator Roblin, said was directed towards the same point.

**Senator Bonnell:** Honourable senators, I do not have a point of order, but I would like to continue my comments on the first motion, the motion of Senator Langlois.

**Senator Langlois:** Come to the point.

**Senator Bonnell:** As I have understood the discussion to this point, many honourable senators have taken different views and during the discussion of those views they have repeatedly referred to Bill C-14 and said that we did not have a proper hearing, did not conduct a proper study, did not have proper understanding, we did not have an opportunity to amend it, we did not have an opportunity to call witnesses. I just thought at this stage it would be worthwhile, in this debate on the first motion, not to go into my report. I would like to give that tomorrow, but today I would like to straighten out the thoughts of honourable senators on a few points concerning what has been said on Bill C-14. Therefore in order that honourable senators may make a proper judgment on the first motion, let me say that we heard the officials of the Canada Employment and Immigration Commission; we heard Mr. Julien Major, Executive Vice-President, Canadian Labour Congress; we heard Mrs. Mary Eady, Assistant Director, Women's Bureau of the Canadian Labour Congress; and we heard the Canadian Manufacturers' Association and the Canadian Construction Association. We also read the proceedings of the Labour, Manpower and Immigration Committee of the other place and the remarks of the United Auto Workers, the National Advisory Committee on the Status of Women, the Minister of Social Services of New Brunswick, the Minister of Social Services of Ontario, the Minister of Social Services of Newfoundland, the Canadian Centre for Occupational Health and Safety, the National Union of Students, and the People's Commission on Unemployment. The committee held seven meetings, and conducted a very detailed study.

I would like to present the committee's report and tell honourable senators what happened, but I have been denied that privilege today. Rightly so. It is within the rules. Everything is fine. I am not arguing about that, but I thought that perhaps I would be extended the courtesy of being allowed to give you more information. That courtesy was not extended to me. You want to wait until tomorrow for that information, and that is certainly your privilege.

**Senator Smith (Colchester):** You are giving it to us now.

**Senator Bonnell:** No, I am not. I am just telling you who we heard, because they say we have had no opportunity to hear people.

**An Hon. Senator:** Who said that?

**Senator Bonnell:** Anyway, I would like to give a full report, but I am not going to do that because that would be trying to get the most out of the rules and doing more than what I, as a

senator, should do. However, when you are considering the first motion I want you to be aware of the fact that the Standing Senate Committee on Health, Welfare and Science did make a long and detailed pre-study of this bill, did hold many meetings, and did give many groups an opportunity to appear. In fact, all honourable senators were welcome to attend, even though they were not members, and all had an opportunity to ask questions. I do not want the allegation that the committee did not hear appropriate evidence to be used as a reason for voting for or against this motion.

Honourable senators, later, under Motions, I shall move that the report of my committee be considered tomorrow.

**Senator Roblin:** May I ask a question of the honourable gentleman who has just spoken? When will the full proceedings of the committee over which he presided be available? I have only been able to obtain up to Issue No. 5, and I believe there are one or two more to come. When will they be ready?

**Senator Bonnell:** The committee clerk is making every effort to have copies made available to all senators today.

[*Translation*]

**Senator Asselin:** Honourable senators, so many things have been said on both sides of the house that—

[*English*]

**Senator McDonald:** I wonder if I might be allowed to ask Senator Bonnell if his committee proposed any amendments to Bill C-14.

**Senator Bonnell:** Honourable senators, in answer to that question, we did not have the bill. We were only studying the subject matter of the bill, and, therefore, we could not make amendments to it.

When we get the bill, and if it is referred to the Health, Welfare and Science Committee, amendments can be made at that time. So far, the committee recommends the bill in principle.

**Senator McDonald:** I probably phrased my question incorrectly. Were there any recommendations that will appear as amendments to the bill once the committee receives it?

**Senator Bonnell:** Not to this date.

**Senator Perrault:** Not from any party.

[*Translation*]

**Senator Asselin:** Honourable senators, I shall not go too far in my remarks because enough oil has been poured on the fire this afternoon. Many things have been said on all sides which should not be repeated, especially at Christmas time.

In any event, I have only one question to put to the Deputy Leader of the Government in the Senate. When the minister appeared before the committee, I asked him one very specific question. I asked him if there were any special reasons why the bill we shall be asked to study should be passed before New Year's Day, before January 1, 1979.

**Senator Lamontagne:** Christmas day.

[Senator Bonnell.]

**Senator Asselin:** No, I asked the minister why we should rush into passing this bill before January 1, 1979. The minister gave excellent reasons. He said that, above all, it was a financial matter since the government would stand to lose $50 million if the bill were not passed by January 1, 1979. He also mentioned forms, paper work, mailing problems. Be that as it may, the reasons he gave were excellent, to my mind.

But when the Deputy Leader of the Government tells us the bill does not have to be passed before January 1, 1979, he means in fact, not before Christmas Day.

**An Hon. Senator:** No.

**Senator Asselin:** Someone says no. But tomorrow, Friday, is before Christmas. So is Saturday before Christmas. And Sunday as well. When the Deputy Leader of the Government tells us we must absolutely study this bill tomorrow evening, at five o'clock—

**Senator Langlois:** I did not say that.

**Senator Asselin:** You did not say that?

**Senator Langlois:** No, sir.

**Senator Asselin:** Well, listen, if you did not say that, you are going to support the motion of the Leader of the Opposition and this will close the debate. But after what the Leader of the Government and his deputy leader said, it is obvious that we must begin to examine the bill at 5 p.m. tomorrow, when we receive it. From 5 p.m. till midnight, this gives us only seven hours to study such an important bill. Then after this, some will say that the Senate will be taken seriously by the population.

So, if we have not finished, we shall continue. Senator Lamontagne lives in Ottawa, of course. He can walk to Parliament Hill. But there are some people here who are forced to fly several hours, first to go back to their families, then to come back the next day or vice versa. Senator Lamontagne cannot set himself as a model. He lives in Ottawa. He can walk to Parliament Hill and look after his business here. It does not bother him at all, but there are some senators who are not pleased with that. This is why the opposition wants to make a serious study of the bill, and I think the Leader of the Government is in favour of a serious examination of bills which are sent to the Senate, so that the Senate can maintain its credibility. I think he is in favour of that.

**An Hon. Senator:** I do not know.

**Senator Asselin:** Someone says: I do not know whether he is in favour of that. In any event, I think he is speaking in good faith. I think he does want us to study bills seriously.

Honourable senators, in the few hours at our disposal we will never be able to study the matter seriously. It would also take the opposition by surprise, as we are so few, if we were forced in a seven-hour debate to summarize all our arguments, attend the meetings of the committee, move amendments, if any, and then proceed to third reading and passage of the bill. Is it reasonable on the government's part, which has a strong majority, to ask the opposition to make such an effort before Christmas? Would it not be better to support Senator Flynn's

motion and come back next week to give this bill serious consideration? I think that would show that the Senate still serves a purpose.

**Senator Langlois:** Honourable senators, with your permission, I would first of all like to answer.

**The Hon. the Speaker:** Are you merely answering the question or are you closing the debate?

• (1520)

[*English*]

**Senator Langlois:** Honourable senators, I am closing the debate.

**Senator van Roggen:** Honourable senators, I find myself somewhat at odds with what I perceive to be the position of the Leader of the Government in this situation, and I find myself even more at odds with the Leader of the Opposition, who I wish was in the chamber to hear my remarks. I have high regard for him personally.

**Some Hon. Senators:** He is coming.

**Senator van Roggen:** I am as concerned as any honourable senator that the so-called Christmas closure not be used to reflect on the dignity of this house and the manner in which it conducts its business. I certainly have sympathy with the remarks just made by Senator Forsey. However, we are faced with a real problem in that Christmas will soon be upon us. We anticipated this problem by having the appropriate committee study the subject matter of the bill. This procedure has been undertaken by several committees on different occasions, and it is accepted as a way of dealing with legislation at times such as this.

I criticize the Leader of the Opposition for not permitting Senator Bonnell to give a full and complete report—

**Senator Asselin:** He did it.

**Senator van Roggen:** —of the pre-study conducted by the committee.

**Senator Flynn:** He can do it tomorrow.

**Senator van Roggen:** I think we should have used the time available today, which we are presently wasting, to have a meaningful discussion of this matter—

**Senator Flynn:** You do not understand.

**Senator van Roggen:** I do.

**Senator Flynn:** How can we vote on second reading? This is the important thing. Try to understand that.

**Senator van Roggen:** I understand that.

**Senator Flynn:** You do?

**Senator van Roggen:** Let me continue. I commenced, while you were absent from the chamber, by saying that I disagreed, to some extent, with the position taken by the Leader of the Government, but even more so with the position taken by the Leader of the Opposition. I will deal with that in a moment.

In spite of the fact that I am critical of the opposition for not being willing to make full use of the time available today and tomorrow, by the same token it should be made clear that if this bill, having been considered as much as possible before the formality of its arrival here, cannot then be dealt with fully—

**Senator Flynn:** Formality?

**Senator van Roggen:** I suggest we use the time available to concern ourselves with the report on the pre-study of the bill. That time should be used as effectively as possible.

**Senator Flynn:** Is it the formality of the passage of the bill you are talking about?

**Senator van Roggen:** I am not talking about the passage of the bill. I said "the formality of its arrival in the Senate." Do not misinterpret my words. I was not talking about its passage at all.

I do feel, however, that if the bill, with the co-operation of the opposition—which apparently is not forthcoming—cannot be reasonably dealt with by tomorrow evening, the debate should be adjourned until Wednesday. That is my position. I am critical of the opposition because they will not co-operate to use this free time—knowing that the guillotine is being used in the other place and that the bill will come to us tomorrow afternoon—to discuss it as broadly and openly as possible in the hope of enabling the Senate to adjourn for Christmas tomorrow.

By the same token, it should not be made to appear by the Leader of the Government and others on the government side of this house that we are going to ram the legislation through regardless. If it cannot be adequately dealt with by tomorrow evening, then by all means we should come back next Wednesday.

**Senator Guay:** Honourable senators, the opposition leads me to believe that they do not know anything about this bill. It is obvious from their comments that this is a case of their not having read the proceedings of the committee that we have received from time to time. At the first meeting of this committee we were given an explanation of the importance of two clauses of the bill, the first of which deals with the guaranteed income supplement for senior citizens, who certainly need the money before the month of January. So, there is urgency in that respect.

The other item which I think is important—and I believe Senator Marshall on the other side is concerned with this as well—deals with the payments being extended to a spouse for a period of six months after the death of a pensioner. This would allow the spouse some adjustment period.

I believe those two provisions alone should have given the opposition reason for following the committee's proceedings rather closely so that they, too, would realize the importance of the bill and be in a better position to deal with it today, this evening, or all day tomorrow, if necessary.

Everybody is speaking about this matter now—I have been told I am not speaking about the right bill.

**Senator Flynn:** I thought we didn't know anything about the bill, but apparently you are completely mixed up.

**Senator Guay:** At least, it indicates my concern for the senior citizens.

**Senator Flynn:** That bill has been passed.

**Senator Guay:** Even though I am mistaken, my remarks still apply to the attitude of the Leader of the Opposition and his colleagues on the other side of the house who have shown little respect or regard for the importance of the bill that will be placed before us.

**Senator Flynn:** That bill has been passed for quite some time. Get up to date.

**Senator Guay:** It shows you I am reading all the reports.

**Senator Flynn:** But you still get confused.

**Senator Guay:** That is more than you do on the other side. I feel quite at ease in participating in this debate because I have not heard anyone on the other side say anything worthwhile.

● (1530)

**Senator Langlois:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion now before the Senate.

**Senator Langlois:** Honourable senators, after listening to the debate which has taken place, I am even more convinced that the confusion surrounding this matter stems from the fact that a great number of my honourable colleagues have not taken the time to read the motion. To put the question in its proper perspective, I shall read the motion, notice of which was given on December 14 last:

> That until December 31, 1978—

And that is not tomorrow or Saturday, but December 31, 1978.

> —Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

If this motion is adopted, the rules in question would merely be suspended for the period between now and the date on which we adjourn for the Christmas recess.

Let us now have a look at the rules in question. Rule 44 reads as follows:

> (1) Two days' notice shall be given of any of the following motions:
>
> (a) to make a new rule or to repeal or amend an existing rule;
>
> (b) for an address to His Excellency the Governor General not merely formal in its character;
>
> (c) for an order of the Senate for any papers or documents not relating to a bill or other matter appearing among the orders of the day or on the notice paper;
>
> (d) for the appointment of a special committee;
>
> (e) for the adoption of the report of a special committee;
>
> (f) for the second reading of a bill.
>
> (2) A like notice is required of any inquiry not relating to a bill or other matter appearing among the orders of the day or on the notice paper.

I am reading the rules in question so that the motion now before the Senate can be placed in its proper perspective. Rule 45 reads as follows:

> (1) One day's notice shall be given of any of the following motions:
>
> (a) to suspend any rule or any part thereof;
>
> (b) for the third reading of a bill;
>
> (c) for any substantial amendment to a bill reported by a committee;
>
> (d) for the appointment of a standing committee;
>
> (e) for an instruction to a committee;
>
> (f) for the adoption of a report from any standing committee;
>
> (g) for an adjournment of the Senate, other than the ordinary daily adjournment under rule 46(r) or that under rules 13, 36(1), 46(f), 46(g);
>
> (h) for the making of a substantive motion;
>
> (i) for any purpose to which neither rule 44 nor rule 46 applies.
>
> (2) Where a senator wishes to correct irregularities or mistakes in an order, resolution, or other vote of the Senate, he shall give one day's notice, and a correction shall not be made unless at least two-thirds of the senators present vote in favour of such correction.

Rule 78, the final rule mentioned in this motion, provides—

**Senator Asselin:** Just give us the page reference.

**Senator Langlois:** Rule 78 is set out on page 22 of the *Rules of the Senate*. It provides as follows:

> (1) A report from a select committee—

**Senator Flynn:** Dispense.

**Senator Langlois:** There has been so much confusion in this matter, honourable senators, that I think I should take the time to read all the rules in question. I want to put my honourable friends on the right track. They have been off the track all afternoon. I think they need to be put back on the track so that they know where they are going. Rule 78 provides:

> (1) A report from a select committee shall be presented by the chairman of the committee or by a senator designated by the chairman.
>
> (2) A report presented to the Senate shall be received without debate.
>
> (3) A report which by its own terms is for the information only of the Senate shall be laid on the table but may on motion be placed on the orders of the day for future consideration.

(4) When a committee reports a bill without amendment, such report shall stand adopted without any motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

(5) When the report recommends amendments to a bill, or makes proposals that require implementation by the Senate, consideration of the report shall not be moved unless notice has been given pursuant to rule 44(1)(e) or 45(1)(f), as the case may be.

Those are the three rules which honourable senators are being asked to suspend between now and December 31. There is nothing whatsoever in those rules which would support the contention that has been made this afternoon that their suspension amounts to either closure or a filibuster. I would remind my honourable friends opposite that "closure" is a British institution whereas "filibuster" is an American one. That distinction should be borne in mind when dealing with legislation in a British institution such as the Senate of Canada.

Nothing in the rules I have quoted makes any reference to either prolonging debate or setting a time limit on any debate that might take place. There is no form of closure whatsoever involved in the suspension of these rules.

As I explained when introducing the motion, it is normal practice to have a motion of this type as we near the close of a phase of a session, or the close of the session itself. Because we are approaching the Christmas recess, and because we have an important measure which must be dealt with before January 1 next, I have moved this motion for the suspension of these rules.

**Senator Asselin:** You want us to pass the bill in five hours.

**Senator Langlois:** Nothing in the suspension of these rules would prevent any honourable senator from moving an amendment or from speaking for as long as he or she wishes, during the debate of this measure. Honourable senators can debate the measure for three or four days, if that is their wish. We will stay here until Christmas Day, if necessary, and through until New Year's Eve. There is nothing to prevent any honourable senator from giving full consideration to the bill when it does come before us.

What value would there be in adjourning this evening, as suggested by the Leader of the Opposition, and coming back to consider the bill on Wednesday next? Are we going to know more about the bill next Wednesday than we do now?

**Senator Flynn:** Yes.

**Senator Langlois:** My honourable friend says yes. Perhaps he will discuss it with his wife over the weekend, but I doubt that that will shed any more light on it as far as the legislators assembled here are concerned.

**Senator Asselin:** It is a serious argument.

**Senator Langlois:** It is not serious at all. It is ridiculous to take such a position. We are here to consider legislation. An important piece of legislation is to come before us tomorrow evening, and we should be here to debate it. Any honourable senator who wishes to consider the measure, can do so at his or her leisure.

The accusation that we are trying to rush this bill through is without foundation. The many references during the course of debate on this motion to the length of time over which this bill should be considered allows me to go beyond the scope of my motion. Reference has been made to the pre-study of this bill conducted by the Health, Welfare and Science Committee. I was amazed to hear my honourable friends opposite say that they did not have an opportunity to fully consider the bill, especially when I see from the minutes of the committee meeting at which the committee report was considered that there was not one single member of the opposition in attendance.

**Senator Asselin:** Honourable senators, I rise on a point of order.

**Senator Langlois:** That is a fact.

**Senator Flynn:** Not only is it untrue, but it is hitting below the belt.

**Senator Asselin:** I myself was in attendance when the minister gave evidence before the committee, and, in fact, I asked several questions of the minister.

**Senator Langlois:** I am talking about the meeting at which the report of the committee was considered. The minister was not in attendance at that time. No member of the opposition was in attendance at that meeting, and I invite my honourable friend to prove otherwise. I am amazed when I hear such statements coming from the other side.

● (1540)

I was also amazed when I heard my honourable friends opposite—and I am very respectful of them; I respect everybody in this chamber. While I do not share their political views and I do not belong to their particular political affiliation, I have a lot of respect for them. I hope they have as much respect for me as I have for them. I was amazed this afternoon when I heard my honourable friends mention that tomorrow, if my motion is adopted, we will not be able to discuss this bill at length, and that we will have to pass it by 5 o'clock or 6 o'clock or by midnight. There is nothing whatever to that effect in this motion.

The Leader of the Opposition this afternoon asked, "How can we move an amendment?" Honourable senators are free to do that at any time. I do not consider myself important enough in this chamber to be the only one to decide if the Senate should or should not carry on a debate. I am in the hands of the house like every other senator.

**Senator Flynn:** Oh, stop joking.

**Senator Langlois:** You can stop joking yourself. You are the worst joker of the lot.

I have great respect for my honourable colleagues in this house, whichever party they belong to, and I know they will carry out their job because it is their duty to do so. For myself, I have voted many times against my own party both in this

house and outside this house, and I would do it again if I felt within myself that it was my duty to do so. I think this applies to all my colleagues. They do their duty as they feel it ought to be done, and not because they have some party affiliation or any interest whatsoever in any matter before the house. We have a rule in the Senate to the effect that if an honourable senator has any interest in any question before the house, he should divulge it, and I would be the first one to do so if it were the case and I felt compelled to vote one way or the other. I would do that, or I would walk out of this house for the rest of my life.

**Senator Smith (Colchester):** I wonder if I might ask the Deputy Leader of the Government a question? Does he recall that it was proposed to him that if he would agree that the debate on the bill might be adjourned by the senator on this side charged with replying to the speech of the sponsor, we would willingly agree to this motion?

**Senator Langlois:** I am very pleased that my honourable friend has brought this matter up. I think if he had listened carefully to what I have just said he would understand that I am not the one to decide whether a motion should be adopted or not. It is the full house that decides that, and I am in the hands of the house like any other senator. When the motion of the Honourable Leader of the Opposition comes before the house, we will vote, each of us in the way we feel we should vote, and that will be the end of it.

**Senator Perrault:** In conscience.

**Senator Langlois:** We will vote in good conscience, believing that it is our duty to do so. I have enough confidence in, and respect for, my honourable colleagues to know that they will vote according to the dictates of their conscience and not of the dictates of their party.

**Senator Flynn:** Honourable senators, it is much simpler than that. Will the Leader of the Government say that he will not object tomorrow night if, after the sponsor of the bill has spoken, the spokesman on our side moves the adjournment of the debate? If he tells me that he will not object, then we will accept the motion. We will not require a vote.

**Senator Perrault:** I cannot, of course, give that kind of commitment. It is not possible.

**Senator Flynn:** Why not?

**Senator Smith (Queens-Shelburne):** We would not let him. That is our position.

**Senator Flynn:** You want the bill to be rushed? It will be after 5 o'clock on Friday.

**The Hon. the Speaker:** It is moved by Honourable Senator Langlois, seconded by Honourable Senator Perrault, P.C., that until December 31, 1978, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

[Senator Langlois.]

**The Hon. the Speaker:** In my opinion the "yeas" have it.

*And more than two honourable senators having risen.*

**The Hon. the Speaker:** Please call in the senators.

• (1550)

Motion of Senator Langlois agreed to on the following division:

YEAS
THE HONOURABLE SENATORS

| | |
|---|---|
| Adams | Lamontagne |
| Anderson | Lang |
| Austin | Langlois |
| Benidickson | Lewis |
| Bird | McElman |
| Bonnell | McIlraith |
| Cook | Molgat |
| Cottreau | Perrault |
| Davey | Petten |
| Denis | Rizzuto |
| Fournier (de Lanaudière) | Robichaud |
| Fournier (Restigouche-Gloucester) | Rowe |
| Graham | Smith (Queens-Shelburne) |
| Guay | Thompson |
| Hastings | van Roggen |
| Lafond | Williams—32. |

NAYS
THE HONOURABLE SENATORS

| | |
|---|---|
| Argue | Fournier (Madawaska-Restigouche) |
| Bélisle | Marshall |
| Choquette | Riley |
| Flynn | Roblin |
| Forsey | Smith (Colchester)—10. |

**The Hon. the Speaker:** I declare the motion carried.

Motion agreed to, on division.

## ADJOURNMENT

MOTION NEGATIVED

**Senator Flynn,** pursuant to notice of Wednesday, December 20, 1978, moved:

> That when the Senate adjourns today it do stand adjourned until Wednesday, December 27, 1978, at 2 p.m.

He said: Honourable senators, I do not intend to provoke further debate. It is quite obvious from the vote that has just been taken on the motion of the deputy leader that my motion will not carry. I merely wish to say that my intention, in moving that we adjourn today, was merely to proceed in an orderly fashion, because that bill will not be before us until 5 o'clock tomorrow afternoon. If we adjourned now we would be doing so at the time we normally adjourn for the weekend. We could then come back next week, well able to deal with all stages of the bill's passage through this house.

• (1600)

In any event, so far as Senator Bonnell is concerned, if after this he wants unanimous consent to commence consideration of the report of the committee, and if he wants to discuss the bill this afternoon, tonight or all day tomorrow, that is up to the Senate, and I will not object. However, I want to repeat that I do not consider that kind of debate to be the same as that which we normally have on second reading or third reading. In my opinion, that should not take place in five hours.

I do not insist on the motion. I know it will be lost, but I would like Her Honour to put the question to enable those on the government side to vote against it, and in order that we may have the record straight.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, that when the Senate adjourns today it do stand adjourned until Wednesday next, December 27, 1978, at 2 o'clock in the afternoon.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion the "nays" have it. The motion is defeated.

## UNEMPLOYMENT INSURANCE

### CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE ADJOURNED

**Senator Bonnell:** Honourable senators, with leave, I move that the report of the Standing Senate Committee on Health, Welfare and Science on the subject matter of Bill C-14, an act to amend the Unemployment Insurance Act, 1971, which was tabled this day, be taken into consideration now.

**Senator Flynn:** Leave is granted.

**Senator Bonnell:** Honourable senators, about an hour or so ago I wondered whether there would be any Christmas at all for us in 1978, but I now feel that the Christmas spirit has come and, with leave, I am able to give my report.

**Senator Flynn:** We wanted you to be sure to get home.

**Senator Bonnell:** I thank the Leader of the Opposition, my good friend and colleague, Senator Flynn, for his kindness in giving me the opportunity to make this report today. I also wish to say that I am glad that on the first order of business I was unable to give my report and, therefore, was prevented from breaking any rules at that time.

Honourable senators, the Standing Senate Committee on Health, Welfare and Science held seven meetings for the purpose of hearing witnesses and considering the subject matter of Bill C-14. As I said earlier, we heard the Honourable Bud Cullen, the Minister of Employment and Immigration, as well as his Deputy Minister, Mr. J. L. Marion. We also heard officials of the Canada Employment and Immigration Commission, Mr. Julien Major, Executive Vice President of the Canadian Labour Congress, as well as Mrs. Mary Eady, Assistant Director of the Women's Bureau of the Canadian Labour Congress. We also heard the Canadian Manufacturers' Association and the Canadian Construction Association.

The members of the committee took an active part in questioning the witnesses, and a detailed study was held on most of the proposals contained in Bill C-14.

The committee was under a bit of a restraint in that the bill had not come before the Senate, and there was further restraint in that it was a money bill and we did not have the authority to amend it in a way which would increase the expenses of the Government of Canada.

Your committee was informed that Bill C-14 was one of the major features of the government's revision of its priorities. Apparently it is designed to effect changes to the unemployment insurance program, coupled with a major redirection of the government's employment strategy. The essence of the changes being proposed to the unemployment insurance program is twofold. First, the bill reduces some of the disincentives to work, which are present in the unemployment insurance program; and, second, the bill will encourage workers to establish more stable work patterns and develop longer attachments to the labour force.

Your committee felt that the bill would reduce negative aspects of the unemployment insurance program, as well as bring about a substantial cost saving to the government, which, we were informed, would be applied to other more productive programs. We were informed that the new emphasis would be on encouraging all Canadian workers to look for, accept, and remain at work. The minister informed the committee that the government had moved on several fronts to provide more work for people who would otherwise be on unemployment insurance. The employment strategy in 1979-80 will have an impact of $710 million, creating an estimated 113,000 work years of employment and training for some 360,000 people. We were informed that the government's new target for jobs and training in 1979-80 represents a 70 per cent jump over what has been accomplished in the past.

• (1610)

We were further informed that the government is starting up a job experience training program involving some $45 million, which should mean that some 58,500 young Canadians will be employed in meaningful work this winter.

Bill C-14 provides for major unemployment insurance amendments, which would, first, require some claimants to

work longer before qualifying for unemployment insurance benefits; secondly, reduce the current rate of benefits; thirdly, require high income recipients to repay a portion of unemployment insurance benefits received; and, fourthly, provide a new financing formula for the labour force extended phase.

In the original proposal on repeating claimants it had been contemplated that if an individual drew 26 weeks of benefits, he or she would have to work that same number of weeks in order to establish a new claim. However, after hearing representations from many sources, especially those in the Atlantic provinces, the government has made two significant changes to the definition of "repeaters," so that this provision will now create less hardship in those regions of Canada with high unemployment, and where jobs are harder to find. Moreover, to take account of important regional disparities, the bill now proposes that the "repeaters" provision will not apply in any region of Canada where the applicable regional unemployment rate is over 11.5 per cent.

Another change proposed by Bill C-14 is the reduction in the weekly unemployment insurance benefit rate from 66⅔ per cent of the average insurable earnings to 60 per cent. When these amendments are fully implemented there will be a saving to employers and to employees, and therefore there will be no increase in the unemployment insurance premiums. The unemployment insurance premiums will actually be reduced in 1979.

The committee was informed that several of the provinces felt that their welfare costs would be increased, but we were advised that even if there were no employment strategy, additional welfare costs in 1979-80 are not estimated to exceed $51 million, of which 50 per cent would be paid by the federal government. In other words, costs to the provinces would be approximately $25 million in 1979-80 and $43 million in 1980-81.

Honourable senators, one particular group which feels it is a target of government expenditure reductions is the women. This group was ably represented on our committee by Senators Inman, Norrie, Anderson and Bird, who are strong supporters of women's rights. Some of the changes may well affect women, but they also affect men. While it is true that the establishment of a 20-hour minimum for insurability may have a larger proportional impact on women, there are other amendments, such as the high entrance requirements for repeaters, and the higher income benefit repayment, which have a much stronger effect on men. For example, for all of the provisions taken together the reduction in benefits for women is 20.1 per cent, while the reduction in benefits for men is 19.8 per cent. In terms of absolute numbers, more men than women will be affected.

On the evidence, Canadians appear to want the unemployment insurance program tightened. The committee believes that this bill is a positive, balanced step in that direction, and one which Canadians will approve, as should the Senate. The committee, therefore, approves the bill in principle.

[Senator Bonnell.]

**Senator Bird:** Honourable senators, I would like to speak to the report of the Standing Senate Committee on Health, Welfare and Science.

As Senator Bonnell has told you, the members of the committee really did their homework, and there was an awful lot of homework to do. We subjected the witnesses to long questioning on every aspect of Bill C-14, and I think we received all the information we could possibly need to speak with authority on the proposed amendments.

I shall begin by saying that I am in sympathy with the government's concern over the growing cost of unemployment insurance that arises from the fact that so many people are out of work. I realize that the government is confident it can provide more jobs and increase the nation's productivity with the $900 million saved by reducing the benefit rate, by increasing the entrance requirements, and by increasing the minimum weekly insurability. I well understand also its desire to provide inducements so that workers may become more securely attached to the work force, and I agree that every effort should be made to prevent people from misusing the unemployment insurance program. These are laudable principles, honourable senators, with which I am sure we will all agree.

Unfortunately, I cannot support the methods proposed in the bill of implementing these principles. I think the bill shows a serious lack of political understanding and judgment, and, what is much more important, I think it is unjust. I am convinced that the bill will cause unnecessary suffering in many households. It will militate against all those workers who, through no fault of their own, are unable to find employment. It will do so by cutting benefits by 10 per cent at a time when the cost of living is rising at the rate of 9 per cent a year.

It will do great harm to part-time workers by increasing the minimum weekly insurability to 20 hours. The average part-time worker puts in a 16-hour week. The increase to 20 hours is going to make it particularly hard for women, as Senator Bonnell pointed out. Twenty-two per cent of all women who work are part-time workers, and 71 per cent of all part-time workers are women.

I remind the house that women work because they need the money. They work part time, very often, because of family obligations. Many of them are sole support mothers, and they have to be with their children for part of the day. Very often they work part time because of poor health, because they are too old to work full time, or because they cannot get full-time work. Many of them are poor.

Furthermore, the increase in the entrance requirement to 20 weeks will also cause hardship to many women—as it will, of course, to many men. I am particularly worried about what it will do to women, since so many of them are engaged in service industries, or are seasonally employed. Many of them just cannot get work for as long as five months, and so they need these benefits to keep them off public assistance.

● (1620)

The Advisory Council on the Status of Women, which is a most intelligent group of people appointed by the government,

was not consulted with respect to this bill, but they presented a strong brief which I hope all honourable senators will read. It is attached to the committee's report. The National Action Committee of Women, which represents about 40 women's organizations, was equally strong in its presentation.

Honourable senators, I could talk about this bill for a long time, but I think I have made it clear why, in conscience, I shall not be able to vote for it.

On motion of Senator Thompson, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Friday, December 22, 1978**

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

Prayers.

## PRIVATE BILL

J.H. POITRAS & SON LTD.—COMMONS MESSAGE

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-8, to revive J.H. Poitras & Son Ltd., and acquainting the Senate that they had passed the bill without amendment.

## CRIMINAL CODE

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-34 to amend the Criminal Code.

Bill read first time.

SECOND READING

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

**Hon. Royce Frith** moved that the bill be now read a second time.

He said: Honourable senators, this bill is a technical amendment to correct an oversight in the firearms acquisition certificate system.

I propose to explain the bill under three headings: First, the subject matter of section 95, the section being amended by the bill before you today; second, the problems addressed by the amendment; and third, the solution proposed by the amendment, and why it is very desirable that the bill be passed in order to make it effective before January 1.

Section 95 deals with the firearms acquisition certificate system. For background, I can tell you that that section had first reading in the other place on April 20, 1977, and was passed there on July 18, 1977. It had first reading in this chamber on August 1, 1977, was passed on August 4, 1977, and had royal assent on August 5 of that year. That is its legislative history. Its context, as I have mentioned, is that firearms control includes the firearms acquisition certificate system. That deals with my first heading, the subject matter of the present section and its legislative history.

Now, the problem addressed by the amendment. When Parliament passed the Criminal Law Amendment Act, 1977, it intended that the acquisition of guns would be controlled by the firearms acquisition certificate system. Parliament clearly intended that people should not need certificates in order to keep the guns they already own, but only when they undertake to acquire a gun.

Paragraph 95(2)(b) of the Criminal Code—the one we are dealing with—exempts an individual from the requirement to produce a certificate when his gun is being returned to him by an individual to whom it has been lent. However, the present law does not specifically exempt an individual from the requirement to produce a certificate when his gun is being returned to him by a licensed dealer who has taken the gun into his possession for the purpose of repairing or storing it. Amendment of the legislation is desired before January 1, 1979—the effective date of the original legislation—to provide for such an exemption.

Part of the problem, honourable senators, is that provinces have adopted different interpretations of the law, with the result that some jurisdictions will enforce the law with reference to the certificate, and others will not.

There is a certain amount of anxiety because, even in jurisdictions where the law may not be enforced, businesses will be concerned that they may either be prosecuted or lose their business permits. Remington, for example, is currently recalling more than 2,000 guns for repair across the country. In view of the inconsistent application of the law, Remington will probably insist that individuals produce a certificate before their guns are returned.

There are, of course, in addition, as always with this subject, some safety considerations. Some individuals, particularly in the case of the Remington recall, may not bother to have their guns repaired if they must produce a certificate to get them back. That could undermine their safety and that of others, which is entirely in conflict with the intent of gun control.

There is, with reference to my second branch—namely, problems addressed by the amendment—another technical amendment that deals with the French version.

Honourable senators, the bill before you does not help you without the other section, so let me explain that subclause 1(2) of Bill C-34 provides that paragraph 95(4)(a) of the French version is repealed, and another paragraph substituted for it. Let me explain why that is done.

The English version of section 95(4) says:

> —acquires a firearm in circumstances such that, by virtue of . . . does not apply to the person from whom he acquires the firearm—

Whereas the present French version says:

> —à l'emprunteur d'une arme à feu dans le cas où, vu le paragraphe (2) . . . n'est pas applicable à l'emprunteur—

So it uses the words "borrower and lender" rather than the words used of "acquires a firearm."

Then, if you look at the bill now before us you will see that the French version has been changed to read:

> —à celui qui obtient la possession d'une arme à feu dans les cas où, vu le paragraphe (2), le paragraphe (1) n'est pas applicable à la personne qui la lui prête ou la lui rend—

That is a technical or linguistic amendment to bring the two sections into concordance, and also to fit the main amendment.

So the solution proposed is in clause 1 of the bill, and it will be seen that a paragraph is added to cover the problem I have described. It reads:

• (1410)

> (c) who comes into possession of a firearm in the ordinary course of a business described in subsection 103(1) and who returns that firearm to the person from whom he received it.

Subsection 103(1), for your information, deals with records of transactions for firearms in the ordinary course of business.

As I said, it is a technical amendment to correct an oversight in the firearms acquisition certificate system. Unfortunately, the legislation did not provide for a specific exemption from presenting a certificate for owners picking up their firearms from gunsmiths after repairs.

In closing, honourable senators, I should say that this amendment has the full support of all the provinces. They are just as concerned that the failure to pass such an amendment at this time could lead to inconsistent enforcement across Canada.

**Senator Roblin:** Honourable senators, I have had the advantage of reading the *Debates* of the other place on this subject, and of listening just now to the convincing remarks of the sponsor of the bill in the Senate. It is important that there be uniform enforcement of the law in all provinces with respect to a federal statute, and when questions of interpretation arise, as is the case in this instance, it is important to put the matter straight as quickly as possible and not inconvenience the public by passing faulty legislation that goes on the statute books.

Honourable senators, I certainly have no objection to having this bill pass through the various stages as quickly as possible.

Motion agreed to and bill read second time.

THIRD READING

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

**Senator Frith** moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report on operations under the Regional Development Incentives Act for the month of October 1978, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 17 of the National Arts Centre Act, Chapter N-2, R.S.C., 1970.

## BELL CANADA

DISCONNECTION OF TELEPHONE SERVICE

**Senator Marshall:** Honourable senators, I rise on a point of order related to a question I asked of the Leader of the Government on Bell Canada's practice of cutting off service to those subscribers who leave the telephone off the hook. I read in this morning's press that Bell Canada has now had a change of heart, and will discontinue the practice.

I am left wondering whether that change of heart is the result of representations made by the Leader of the Government. In any event, I compliment him on the speed with which he was able to provide me with an answer by way of action.

**Senator Perrault:** Honourable senators, we all like to think that questions asked by honourable senators in the house and the responses thereto by the government constitute, at times, very helpful initiatives in advancing the interests of the Canadian people.

## CONSUMER AND CORPORATE AFFAIRS

REMOVAL OF SUBSIDY TO MILLERS OF WHEAT—QUESTION

**Senator Benidickson:** Honourable senators, I should like to address a supplementary question to the Leader of the Government in relation to the removal of the subsidy to millers of wheat. On December 6 last I asked the Leader of the Government to make inquiries as to what might be the result of the withdrawal of the subsidy to millers of wheat in terms of the cost of a loaf of bread to the ultimate consumer.

Notwithstanding the reply given on December 6, I see now that a price agreement has been reached at the retail level involving perhaps a 7-cent per loaf increase in bread prices. That does not seem to conform with what would be the normal mathematical computation stemming from the loss of the subsidy.

**Senator Perrault:** Honourable senators, I have attempted on two occasions to provide at least a partial reply to the question. I refer to the Debates of the Senate of December 6, page 320, where I am reported as saying:

> It is estimated by officials in the Department of Consumer and Corporate Affairs that a fair increase in the price of a loaf of bread would range from 5 to 7 cents. There have been reports of increases which would range as high as 12 cents a loaf. The government has no control over the mark-ups charged by certain bakeries across the country.

And then I went on with other remarks.

Honourable senators, the Minister of Consumer and Corporate Affairs has been reported in the press recently as saying that the government's estimate of a fair increase would be still in the range of 5 to 7 cents. I understand, however, that some bakeries are taking the position that they were at the very point of increasing bread prices in any case, with the result that they are adding that anticipated increase to the extra cost resulting from the withdrawal of the subsidy.

● (1420)

**Senator Benidickson:** That is not understood by the consumer.

**Senator Perrault:** I agree that that explanation may not be understood by the consumers of Canada; indeed, it is not comprehended by all of us in the government.

## NATIONAL DEFENCE

CANADIAN ARMED FORCES RESERVES—QUESTION

**Senator Marshall:** Honourable senators, I have a question to put to the Leader of the Government, and I hope that he will be able to deal with it as quickly as he dealt with my question with respect to Bell Canada. It has to do with a very important segment of our society, the Canadian Armed Forces Reserves. I wonder if he would try to determine the reaction of the Minister of National Defence to the suggestion by the Major General of Reserves that industry might be offered tax incentives to allow members of the Canadian Armed Forces Reserves to leave their regular jobs without fear of penalty in time of national emergency or for summer camp training.

**Senator Perrault:** Honourable senators, a reply will be sought from the Minister of National Defence. The idea appears to be a constructive one, and I know the minister always welcomes constructive suggestions.

**Senator Marshall:** If I may elaborate by way of supplementary, in view of the fact that the state of the Reserves as to readiness capability has been deteriorating steadily because of lack of training equipment, and the turnover is to the point where only 30 per cent of the force of 22,000 could be counted on to react to an emergency, would he also ask the Minister of National Defence to report on the status of the Reserves, his plans and the overall short-and long-term objectives of the Canadian Armed Forces?

**Senator Perrault:** Honourable senators, the question will be taken as notice. However, again it suggests the possible value at some point in the next few months of having a debate on the subject of defence policy. This might represent a real contribution to this nation, and honourable senators may wish to consider that idea.

## FISHERIES

PURCHASE PROGRAM FOR CANNED MACKEREL—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 10—**By Senator Marshall:**

[Senator Perrault.]

With reference to Fisheries and Environment Canada News Release FMS-HQ-NR-23, dated 29 June 1978, what are the details of the $2 million purchase program for canned mackerel.

*Reply by the Minister of Fisheries and the Environment:*

Following the press announcement on canned mackerel, processors from the following provinces requested and were offered quotas to produce for the Fisheries Prices Support Board 107,000 cases (24-14 oz) of canned mackerel for a total expenditure of $1,230,500.00.

| | Cases | Value |
|---|---|---|
| Quebec | 30,000 | 345,000 |
| New Brunswick | 53,000 | 609,500 |
| Prince Edward Island | 24,000 | 276,000 |

On November 30, 1978, these canned mackerel producers had delivered 55,660 cases of canned mackerel to the board valued at $640,090.

## VETERANS AFFAIRS

RESULTS OF D.V.A. MANAGEMENT MEETINGS AND CONFERENCE ON FINANCE—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 14—**By Senator Marshall:**

1. What are the results of the D.V.A. management meetings held in Quebec City on March 21, 1978?

2. What are the results of the D.V.A. management meetings held in Winnipeg on May 25, 1978?

3. What are the results of the D.V.A. Conference on Finance held at the Federal Government Study Centre in Arnprior, Ontario?

*Reply by the Minister of Veterans Affairs:*

1 and 2. Headquarters and field offices senior management, through discussions and exchange of information on matters of mutual interest and concern regarding Veterans Affairs and the federal government in general, gained a better understanding of the factors involved in the implementation of administrative decisions already taken or to be taken in the future.

3. The results were:

an evaluation of the recent reports of the Auditor General and Comptroller General on financial management in departments;

revised financial and accounting procedures to respond to internal reorganization and the physical relocation of the Department;

new emphasis on a program for the training and development of financial staff.

## UNEMPLOYMENT INSURANCE

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee

on Health, Welfare and Science on the subject matter of Bill C-14, to amend the Unemployment Insurance Act, 1971.

**Hon. Andrew Thompson:** Honourable senators, Senator Bonnell has outlined the principles which underline the bill, and I would like to reiterate those because I think it important that they be kept in focus as we give it consideration.

The objective of the bill is to provide incentives so that workers may become more securely attached to the work force, and to that end the government is attempting to reduce some of the disincentives to work which are at present in the unemployment insurance program. Also to that end, the government has formulated a variety of approaches to provide more work for those who would otherwise be on unemployment insurance.

The employment strategy in 1979-80 will have an impact of some $710 million creating an estimated 113,000 work years and training for some 360,000 people. A further $300 million in funds for economic development activities has been announced, and the government's new target, as Senator Bonnell pointed out, for jobs and training in 1979-80 represents a 70 per cent increase over what has been and is being accomplished in the current year. By any standards, that is a significant increase.

On the job creation front, the government could not rest content solely with the strategy outlined for 1978-79, substantial as that would be, but instead announced the immediate start-up of a job experience training program called JET, involving some $75 million, which should result in about 58,500 young Canadians being employed in meaningful work by the winter. The government has also made changes to the employment tax credit program so that it will better fit the needs of the business community.

The growing cost of the unemployment insurance program—about $4.1 billion in this fiscal year—just cannot be ignored by any responsible Canadian. Nor could the government ignore the employment disincentive effects which were adding to other problems in the labour market. I am sure that every honourable senator in this chamber would agree that that serious problem must be dealt with.

Bill C-14 provides for major unemployment insurance amendments, and I should like to recite them because they are important to us. The first is to require some claimants to work longer before qualifying for unemployment insurance benefits. The second is to reduce the current rate of benefits. The third is to require high income recipients to repay a portion of unemployment insurance benefits received. The fourth is to provide a new financing formula for the labour force extended phase.

The problem must be clear to every senator but, if I may, I will just adopt the words of one of the witnesses who appeared before us when we were studying the bill. He said that the enormous cost burden of unemployment insurance, being some $4.1 billion for the program, plus the disincentive characteristics, which unfortunately are in the existing program and result in the loss of productive work, just cannot be tolerated, just cannot be afforded by Canadians today with our high deficit financing.

Let me break down that $4.1 billion. It is made up, partly, from the contributions of all taxpayers, but it is also made up—and I am sure all honourable senators realize this—from the contributions of employers and the vast numbers of employees who diligently and conscientiously work regularly at jobs across Canada. Of the $4.1 billion, the government, through the taxpayers of this country, pay $1.8 billion, and the employers and employees pay $2.3 billion. One witness told us in committee that without the disincentives contained in this bill there could be an increasing resentment by employed workers who are carrying the load towards the outflow of this enormous amount of $2.3 billion for benefits to Canadians, many of whom are not able to obtain work.

• (1430)

What are the savings in the proposed new amendments? Perhaps I could break that down as it applies to each amendment. The first is that hourly paid and salaried workers will have to work a minimum of 20 hours a week to be insurable. That will mean a saving of $60 million. The second amendment is that there will be a higher entrance requirement of up to 20 weeks for people just entering or re-entering the labour force. This will mean a saving of $300 million. There will also be a higher entrance requirement for repeating claimants, effecting a saving of $140 million.

The benefit rate will be reduced to 60 per cent of the average weekly insurable earnings from 66⅔, which will save $470 million. The financing formula will be changed so that the cost of labour force extended benefits will be shared by the public and private sectors, and will mean a saving of $400 million. A benefit repayment of 30 per cent will be imposed on part of the UI benefits received by people whose annual net income, including UI benefits, exceeds 1.5 per cent of the yearly maximum insurable earnings. It means that roughly $20,000 a year will be involved in paying back that 30 per cent, and the saving will be something like $25 million.

In looking at these amendments, we should realize that their effect will apply all across this country, and I consider it important not only that the government makes decisions but that it shows the process of making those decisions. In some ways the process of making decisions is just as important, in a democracy, as arriving at a decision. I frankly regret that there has not been much consultation, in the presentation of these amendments, with key organizations across Canada that are likely to be affected. I refer primarily to national employer groups, as well as the Canadian Labour Congress, prominent women's groups, and other organizations. Too often the government has proposed legislation without consultation with those who may be affected. Perhaps it is because of the pressure brought to bear on the government in connection with the $50 million that will be saved each month if these amendments come into force in the New Year, that the legislation had to be rushed through without adequate consultation. So far as I am concerned, it is a practice that should be stopped.

Provincial welfare ministers appeared before the committee in the other place to express their views and to offer suggestions as a result of their not having been consulted prior to the proposed legislation. That is one of the first areas of criticism that I had in mind in connection with this. I would like to re-emphasize that the process of decision-making is as important as the actual decision itself.

Having stated, as I have, the enormous financial burden that this unemployment insurance program, as it presently exists, places on the Canadian people, let me turn to certain concerns that I have about the program, and that I felt other members of the committee also had.

This act is called the Unemployment Insurance Act, and I stress the word "insurance." From this point of view, it seems to me that this statute has been stretched so far that at times the principle of insurance has been lost, and is in danger of being replaced by a welfare approach. I think, as Senator Roblin and others have said, that one of the concerns we should have is to make sure that legislation has a purpose that is crystal clear, so that it cannot be distorted and allowed to spill over into other areas. I am thinking, for instance, of the family allowances legislation, and the approaches taken in that regard.

The distortion I refer to in the case of unemployment insurance may go back to a period some years ago when, perhaps born of a sense of humanity and generosity, the decision was taken to include seasonal workers in the scheme. I refer particularly to fishermen, the inclusion of whom under the provisions of the Unemployment Insurance Act was promoted by a colleague of Senator Cook's. At that point a distortion was already taking place in the unemployment insurance concept. Certainly, as far as I am concerned, the insurance principle was distorted by the 1971 amendments.

One of the dangers that arises in this sort of distortion is that contributors become confused. It tends to make them stop thinking that they are dealing with an insurance program, and causes them to begin to feel that they are paying into the scheme and have a right in any circumstances to get back some of what they have contributed. As Senator Lang pointed out in our discussions, it is fairly clear that in the case of workmen's compensation in Ontario compensation is only received by a contributor when he suffers an accident, because it is a program that was specifically set up to protect workers against such unfortunate circumstances. In the case of unemployment insurance, however, my impression is that there are some who consider unemployment to be something that takes place with the seasons, or as a result of a mood, and that, in any event, the payments are something they have the right to apply for. This kind of thinking may not be universally prevalent, but I think all of us would agree that it does exist in Canada.

Almost every industrial nation has a social insurance system for the unemployed, and, of course, one of the dangers, as we discovered as we listened to the witnesses who appeared before the committee, is that there is a tendency to say, "Well, let us compare our unemployment insurance program with such programs in other nations." Of course, this is a very difficult, if not impossible, task. We cannot make a comparison with the Swedish system, for example, with the many built-in security features it has; and we cannot make a comparison with the United States system, because, on closer examination, we find that their program is administered by the individual state, with the result that the southern states, such as Alabama, may not have the same benefits as Ohio and New York. If you look at the average situation in the United States, our benefits may appear more generous. Yet I am given to understand by the officials that, if a comparison is made, our benefits are as competitive for us; that is, they are equal to those of Ohio and New York.



● (1440)

Some of the arguments for a national unemployment insurance act are that with mobility, the necessity to be alert to the requirements for workers, the transfer of workers, their training and so on, you must have this national perspective. I accept that. However, I wonder if the administration of unemployment insurance must be based on a national program. As I say the United States run their programs on an individual state basis.

I feel that the uniformity of our national programs makes them blunt and crude instruments, when one thinks in terms of the regional disparities across our nation. The longer I consider this program, the more apparent it becomes that it is difficult to adopt this uniform approach.

We keep adding to the role of this act. Job creation is now encompassed in this act as well as Canada assistance programs, LEDA, CESI, tax incentive programs, and so on. This creates a situation where, for example, we have to ask the manager of a local office—an administrator who knows the details and who, I hope, is a humanitarian—to be an entrepreneur, in that he should be looking for community development opportunities so that he can create job opportunities in his community. I think that is going a little too far.

We have to take a hard, fundamental look, not only at this program but at all our programs. We must start looking at matters involving social security legislation, including unemployment insurance. We have to bear in mind the fundamental changes in our society. I am sure that all senators have read *Future Shock* and are aware of the changes taking place in all industrial society today. We should consider whether we have moulded thinking and legislation which we can extend to meet the changes obviously taking place with respect to style of living, mobility, and the pattern of changing employment in a lifetime. As I understand it, three or four changes of employment take place in the average Canadian's lifetime.

We must also take into consideration the distribution of wealth. Senator Lamontagne pointed out to me that there was a saying in the past with respect to the distribution of wealth, that there were the Masseys and there were the masses. In other words, there was a clear distinction in Canada between the very wealthy and the rest of us. However, today I feel that the distribution of wealth is different—there is a much larger middle-class group—and I think we should bear that in mind

when considering programs such as this. I feel that the legislation that has come before us this year is patchwork social legislation rather than legislation containing fundamental changes. Having done such sterling work as chairman of the Special Senate Committee on Science Policy, Senator Lamontagne may feel that is another area in which he should become involved.

Perhaps I am emphasizing this too much, but I feel that this legislation is like a coat I may have provided for my daughter when she was three years old, which, now that she is six, I am trying to patch to fit her. In some places it bulges a bit because of the development of her anatomy, and in other places it leaves some holes. I feel there are some real gaps in this legislation.

As Senator Bird mentioned, some of the gaps are created because we are not being sensitive enough to the needs of women moving into the work force. I look over at my colleague, Senator Marshall, and am reminded that the needs of Newfoundland and the other Atlantic provinces are certainly different from those of the industrial heart of Ontario where I come from.

In examining the subject matter of this bill, we considered the means by which the different needs of the various regions of Canada are determined. In an attempt to provide a more sensitive Unemployment Insurance Act, our country has been divided into 48 regions, based on Statistics Canada figures. Statistics Canada provides the rate of unemployment in each of those 48 regions, on a monthly basis. This creates its own set of problems. For example, Statistics Canada had assessed the unemployment rate in Churchill at 4 per cent. The member for Churchill suggested that, indeed, it was much higher than that because Indians were not included in that figure. Statistics Canada admitted that it was too difficult to go on to the reserves and do a proper analysis. Consequently, a new approach will be taken, as proposed in one of the amendments. The member for Churchill felt that the figure should have been far more than the stated 4 per cent.

Before the extent of unemployment is determined, a hard look should be taken at these 48 regions. A region may include a thriving city and a hinterland where there is a lack of job opportunities, and that could produce a distorted picture of the actual job opportunities within the region as a whole. Dividing the country into 48 regions could cause a disincentive towards mobility. It may be better to go back to a region of high unemployment, where the benefits are perhaps more generous, rather than taking the chances of moving into a region where benefits are not generous. I do not know the effect of that, but I do know one of the questions we asked was: What is the flow of people across Canada today? The deputy minister mentioned to us that it is a flow moving back east rather than going west.

● (1450)

Perhaps we would be better able than the other house to make a long, hard, fundamental study of just what is taking place in Canada. Is it because of economic hard times that people tend to want to go home and have the security and familiarity of home? I don't know what it is.

There are a number of programs, which we discussed in depth, and perhaps I could refer to some of them. First, the Canada Works Program provides job opportunities through the help and assistance of the federal government in these areas. Senator Bird was sensitive to this. In fact, I may say she well represented the interests of women and the concerns of women across Canada about these changes. As I understand it, in the Canada Works Program, only 29 per cent of women are employed in these projects. It would be interesting to know how many women have opportunities for employment in the other proposed projects.

I have referred, as did Senator Bonnell, to the JET program, with $45 million being put into it, and 58,000 young Canadians will soon be working in that.

The work-sharing program is one of which some of the witnesses were very critical. Under this program, if it looks as though a plant cannot employ its full complement of employees, provided there is consent by the union and the management, the government will move in and a proportion of workers will work a proportion of the time so that they can share in the work.

There are 20 pilot projects across Canada, because they are trying to see how this will work before they embark on it on a larger scale. Although one of our witnesses was highly critical of government moving into this, I understand that in Germany it has been effective and they are using it fairly extensively, as I think they are in France. I understand, merely from my reading, that in Britain they had divided the workload during the week in order to give every man the opportunity of working, but it has been suggested that a tendency developed whereby people did not feel like going back to a full work week after having had a short working week for a period. Apparently in the other two countries it has worked successfully.

I was certainly impressed with the civil servants who are running this department, with their dedication, knowledge and grasp, and also the imagination they are applying. The departmental witnesses who came before us were highly impressive. I think all the committee agreed with that.

With respect to the work programs, such as LEDA and others, the department is monitoring OECD, the ILO and anywhere else they can for ideas, for new approaches they can take, so that new opportunities can be provided. Also, within the department they are trying not to be rigid and bureaucratic over ideas that may come from areas such as Senator Marshall's province. In other words, they know that it does not quite fit the approach we have organized, but they are trying to make it open-ended and flexible to fit the local area's needs.

I turn next to training. I want to address myself to some of the complexity and perhaps, some of the dilemma of the minister, whom I consider a most humanitarian person, who has to make hard, tough decisions right now. I think that most responsible Canadians will certainly be behind him in making these tough decisions.

In training people and providing job opportunities there are problems. If young people are trained, they want to get work after they are trained. Therefore the question is whether you put the training program in an area where there are no occupations that will offer them job opportunities. The minister made the point that he felt that certain specific job training should be carried out where there are employment opportunities. Having said that, he recognizes that in a province such as Newfoundland there will not be as many job opportunities after training as there would be in, for example, Ontario, if I might refer to my own province again.

Senator Marshall will know that the cuts for his province have resulted in $85 million being taken out of the economy. On the other hand, in job creation programs for Newfoundland, $300 million has been put back. In fact, as an Ontario resident I look at Newfoundland and see that the per capita sharing of occupational training is three times higher than that in Ontario. In some ways this comes back to the dilemma that we have across our country with respect to a national program that they are trying to distribute across the country. I myself agree with the approach of the minister, whereby the training priority is given to occupations in areas where employment is relatively strong. Yet I also understand that he has to think of every province.

For the most part, the programs they are trying to emphasize in areas where there is not a large industrial complex are areas where they are working with the local departments of forestry, and so on. I do not want to go into a lot of detail, but it was illustrated to us that in two of the maritime provinces negotiations have been concluded with the departments of forestry in order to provide jobs.

Senator Roblin will be much more aware than I am of the problem we discussed of training in technical and vocational schools. In the 1960s there was a great boom, largely at the inspiration of the federal government, when it was said that we needed to build these technical and vocational schools across the country.

● (1500)

As you all know, institutional and industrial training is carried out with the co-operation of the provinces. Where you have a large plant you hate to see it not used. Where you have certain kinds of courses, with all the necessary equipment, you hate to disband them because there are already enough tradespeople in the particular area.

I am sure that many senators have looked at the Auditor General's report. He suggested that the federal government must get tougher in its negotiations concerning training programs. I was interested not only in the training programs but also in the number of graduates of training programs who actually get work. The purpose of taking this training is to enable one to get a job. The deputy minister told me that about 70 per cent of the graduates from these training courses actually get work. In my own province, Ontario, for example, 62 per cent of the graduates of occupational skill courses subsequently obtain employment, and five per cent take further training. Fifty per cent of those taking the language training course are employed, and six per cent are taking further training. Twenty-seven per cent of those who took basic training for skill development were employed, and 31 per cent are taking further training.

It may be important to take a hard look at this to ensure that the selection of people for these training courses is examined more thoroughly, and to ensure that the training is relevant to the needs of the job market.

I am looking at this in the longer term, and apart from the provisions of this bill. To me, the bill does not really answer the fundamental changes taking place in our society. The Senate should be looking to the jobs and skills that will be needed in Canada in the year 2000, as well as the pattern of work in farming and other industries. We should be looking at the approach we need to take in respect of the training of young people.

Obviously, in the sixties, in establishing a large number of vocational and technical schools, we overbuilt and were not aware of what the situation would be in the future.

**Senator Roblin:** Only in some places.

**Senator Thompson:** I do not refer to the honourable senator's province, but to my own. I feel that that did happen there.

We have to think in terms of the need aspect, as well as the insurance aspect. I think there was the suggestion made by the provinces that there should be a two-tier system. The young, single person has mobility. He does not need the same benefits as the person with dependants. The provinces were suggesting that the benefit for the young, single person should be cut by 50 per cent, while for the person with dependants it should stay at 66⅔ per cent. It was suggested this would be better than the system in which claimants, whether they have dependants or not, get the same benefit.

This was the approach taken in the period between 1970 and 1975. This act has been revamped, changed and brought back again. Between 1970 and 1975 there was a dependency clarification. The argument now raised is that it is hard to define "dependant." It is not the insurance principle. If the benefit for young, single persons were cut by 50 per cent it would adversely affect more women than men because there are more single women than single men.

I find myself favouring the two-tier system because the family of the man in Cape Breton, for example, will receive a smaller family allowance because we in the Senate passed a bill that reduces the family allowance by $6 to $20. If the family allowance had been indexed, it would have gone to $28. He is also going to be hit by the cut in benefits. His belt is tight right now, but it is going to be tightened more, if that is possible, as of January 1, 1979. I think there should have been a much closer look at the effect on the person in the work force with dependants.

The other group that could have been examined are the voluntary quitters. These are people who quit work without just cause. Last year, 220,000 people in the work force quit of their own accord. I am not suggesting that people cannot quit

their jobs. They can, because we live in a free country, but it seems to me that we should be looking at that group. Those who voluntarily quit work and do not seek other employment, but who have a choice of other employment, are the ones we should be focusing on. I am more sympathetic with the fellow who has lost his job through no fault of his own.

I have great respect for Senator Bird, and I appreciate her expressions of concern with respect to women, but I suggest that the adverse effects of these cuts on women are not as disproportionate as she would have us believe. I have some figures that indicate the reduction of benefits will affect 19.8 per cent of the male work force and 20.1 per cent of the female work force. The "repeaters" provisions will affect 3.4 per cent of the men and 2.3 per cent of the women; and the re-entry provisions will affect 6.4 per cent of the men and 6.4 per cent of the women. The weekly insurable minimum will affect 0.7 per cent of the men and 2.4 per cent of the women. The reason is that there are more women on the minimum wage than men. The benefits repayment provisions, which apply to those who earn $20,000 or more per annum, affect 0.7 per cent of the men and 0.2 per cent of the women. Again, women, on the whole, do not earn as much as men.

Senator Bird mentioned the requirement of 20 hours of work per week and felt it would hurt women more because, as she said, 22 per cent of all women who work are part-time workers, and 71 per cent of all part-time workers are women.

I worked less than 20 hours a week when I was going to school and to university. I would never have thought that I could have obtained unemployment insurance benefits to carry me while I was not working. I do not know how many people there are who work less than 20 hours a week and are not in difficult circumstances. On the other hand, I am aware of and am very sympathetic to, the needs of women. Having said that, and sounding as though I hear of abuses everywhere, I would say that there have been abuses.

• (1510)

The Auditor General, pointed out that for example, he had uncovered $140 million in overpayments, although some of these overpayments may not have been the fault of the claimants. The department found $62.8 million. The Auditor General suggested that there be more stringent controls, and we are assured that this suggestion has since been adopted. There is an advertising campaign underway warning people against keeping overpayments; there are more efficient computers; and local and national offices are becoming more consistent in their approach.

The re-amalgamation of the Manpower offices and the Unemployment Insurance offices should help in this regard. You will recall that formerly Manpower offices and Unemployment Insurance offices were combined. It has now been decided that they are more effective operating as a unit: a counsellor telling someone to seek a job can refer that individual to the Manpower offices in the next room.

I feel that the Senate Committee on Health, Welfare and Science has studied this bill thoroughly. I have certainly learned a great deal about unemployment insurance as a result of being a member of that committee and I have sympathy and admiration for the officials of the department. They are trying to apply their administration across the country in a humane, fair and just way. I also have sympathy for the minister. He has the responsibility of getting tougher. However, I am in this dilemma. As a Canadian, I see the need for us to be more competitive and more productive in world markets, and for us to get our finances on an even keel. On the other hand, I look at this huge cost of $4.2 billion a year which will rise unless something is done about it. I have been assured by the departmental officials that they are sympathetic, towards claimants, but they also have to be realistic. It is for that reason that I am in agreement with, and will support, the proposition presented by Senator Bonnell.

**Senator Bosa:** I wonder whether the honourable senator would permit a question. You intimated that the government did not consult affected groups, such as associations, corporations, unions and governments. It is my understanding that the provinces did make representations to the committee of the other place after second reading. Did the honourable senator mean that the consultation should have taken place prior to the drafting of the bill?

**Senator Thompson:** Yes, I did. I was disappointed also because there was no advisory council to advise the minister. I understand that he had problems with the Canadian Labour Congress on this—and Senator Forsey can correct me if I am wrong—because that is the body that was asked to nominate members for that council. It is still being discussed. The minister also told us that he had been trying to find someone who would be acceptable both to management and labour. He indicated that after a long search he had finally arrived at his decision, and apologized for the delay.

I feel that there is a great need to have prior consultation, rather than making it necessary for the provinces to come to Ottawa to appear before a committee of the other place. I have never heard of provincial ministers appearing before a committee of the other place. Usually the provincial ministers consult with their peer minister in Ottawa.

**Senator Bosa:** You indicated that it would have been desirable to have a two-tier system: one for single people with no dependants, who should be entitled to receive 50 per cent of the benefits; and the other for unemployed persons with dependants, who should receive 60 per cent of the benefits.

**Senator Thompson:** It is 66⅔ per cent. That is the position of the provinces.

**Senator Bosa:** I am sorry for missing out on a few percentage points. What is the real purpose behind the two-tier system? Is it to save the federal government money, or is it to provide higher mobility to single people who might be in a position to go from one place to another in search of a job?

**Senator Thompson:** I think it covers the two points you have just made: it provides a mobility incentive to the single person; and I think it does save the government money—at least, according to the submission from the provinces.

**Senator Bosa:** How much?

**Senator Thompson:** I think the approximate figure is $44 million.

A third point is that I think it should be obvious to all that the financial needs of a worker with dependants are greater than those of a single person. The unemployment insurance package, from 1970 to 1975, took that factor into consideration. Perhaps a married person with dependants would have to pay higher premiums to obtain greater benefits, but I think it should be considered again.

**Senator Roblin:** If no other senator wishes to speak at this time, I should like to move the adjournment of the debate.

• (1520)

**The Hon. the Speaker:** It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Marshall, that this debate be adjourned until the next sitting of the Senate.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion, please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion the "nays" have it.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

Motion of Senator Roblin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Forsey | Marshall |
| Fournier (Madawaska-Restigouche) | Roblin—4. |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Anderson | Lamontagne |
| Bonnell | Lang |
| Bosa | Langlois |
| Connolly (Ottawa West) | Lewis |
| Cook | McDonald |
| Denis | McElman |
| Fournier (de Lanaudière) | Molgat |
| Frith | Perrault |
| Graham | Petten |
| Guay | Robichaud |
| Lafond | Thompson—22. |

[Senator Bosa.]

**The Hon. the Speaker:** I declare the motion defeated.

• (1530)

**Senator Roblin:** Honourable senators, as the ranks of Tuscany have prevailed, I suppose it is incumbent upon me to make a few remarks in connection with this motion, which I am pleased to do. Not that it will take me long, nor is it my intention to deal with the main subject of Bill C-14 at this particular stage, but I want to share with the house my concern about the nature of the resolution which is now before us.

However, before I do that, I want to express my thanks to Senator Bonnell who kindly presented me with Issues Nos. 6 and 7 of the proceedings of the committee, as he said he would, so I now wish to report that they have been received, if not read.

What bothers me, honourable senators, has to do with the nature of this particular proceeding, because in the resolution of November 29, by which the committee was set up, the motion was that the committee:

> —be authorized to examine and consider the subject matter of the Bill C-14, intituled: "An Act to amend the Unemployment Insurance Act, 1971," in advance of the said bill coming before the Senate, or any matter relating thereto.

• (1540)

I am aware that it is the custom in this house to take advantage of the opportunity to study matters which we know we will be faced with in due course but which have not yet officially come to our notice. So it has been the custom to take the subject matter of a bill which is proceeding through the various stages in the other place and have a look at it before it comes here, in order to make perhaps the best use of our time. That is a particularly defensible idea, I think, in connection with complicated bills such as those the Banking, Trade and Commerce Committee is accustomed to consider. So I am at ease with that particular way of doing business.

What bothers me, however, is that the resolution we have before us now, that the chairman of the committee has submitted to the house, says—I quote the last lines of the resolution, and I hope I give the flavour of the point I want to make—that the committee:

> —has, in obedience to the order of reference, examined the said subject matter and now reports that it approves of the principle of the bill.

Well, if you want to be technical—and I think it is imperative sometimes to recognize that technicalities can be important—the committee was not seized of the bill. The bill is not before this chamber. It is the subject matter of the bill that the committee was seized of, and I presume they could make any report they like on the subject matter. But we are being asked "to consider"; I am not sure whether that means "to approve".

The resolution says "consider"; I presume it does not mean "approve".

In that consideration I want to make the point that the wording of the resolution, "that it approves of the principle of the bill", seems to me to be questionable. The reason I quibble, you might say, over the difference between the subject matter of the bill and the principle of the bill is simply because the time at which legislative bodies usually consider matters of principle in connection with a piece of legislation is the second reading stage of the bill. That is the time: after it has been introduced. We have second reading and we are restricted, as a rule, in the debate on second reading to considering the principle of the bill. Although we have views pro and con, we have to make up our minds whether, on balance, we are in favour of the principle or whether, on balance, we are or not. It seems to me that if we engage in the consideration of the principle before that stage, as we are being invited to do now, on the report of the committee, we may involve ourselves in difficulties, because there is another rule of the house that says we do not consider twice matters which are substantially the same.

So what position are we in today? We have heard some good speeches, I suggest. I liked the speech I heard from Senator Thompson; I liked the speech I heard from Senator Bird. I appreciated as well the introduction made by the chairman of the committee. But they, in effect, were debating the bill. That is the point I want to make.

It seems to me that we would be wiser if we set up committees of this sort to make sure that, when the reports come back to the house, they either come back after the bill itself has officially been received and resubmitted to the committee and discussed, in which case no problem arises; or, if they come back to the house before the bill has been officially received, it is made quite clear that we are not pre-empting any of those activities that occur in connection with the second reading of bills. Otherwise, I could make my one speech on this resolution, for instance, and say everything I have to say on the bill, and then I could make it again later, on second reading, but it seems to me that that would be a silly thing to do.

On the question of whether or not we are engaged in examining twice the principle of the same matter in the same session, I must say that that does not commend itself to me. I want to make the point that we should be more careful in the reports of our committees to make sure we do not get into this particular dilemma, if it is a dilemma. I think it is partly a dilemma. For that reason, I decline to take any part in the discussion of this committee's report in respect to Bill C-14, and I reserve my right to speak *in extenso*, I might say, when the bill is before the Senate on second reading.

**Senator Benidickson:** You may speak all night on second reading of the bill when it comes, Senator Roblin, if you like.

**Senator Roblin:** Thank you, my honourable friend. I will likely do so.

**Senator Benidickson:** And we can stay here until after Christmas to listen to you.

**Senator Connolly (Ottawa West):** Honourable senators, I should like to intervene at this stage, I hope in a conciliatory way, with reference to the points Senator Roblin has been making.

I do not want to pose as an elder statesman or as a wise man, but I remember when I came to the Senate 25 years ago that at every adjournment, the Senate was faced with what Senator Hayden has so often called "the adjournment closure". In other words, bills were presented to us at the last moment and there was not sufficient time to deal with the subject matter of those bills. That has been particularly true of financial bills, appropriation bills, which have often been the last bills to come to us before an adjournment.

I remember well the complaining that was done at that time, but I also remember coming to the galleries here long before I was in the Senate and hearing the same plea, that the Senate was being dealt with unfairly and that it was required to be a rubber stamp.

● (1550)

During my time as Leader of the Government in the Senate, a new procedure was initiated with regard to appropriation bills, one that is more effective now than it was initially. That procedure is to refer estimates, upon which appropriation bills are based, to the Standing Senate Committee on National Finance. This enables senators who are concerned about any item in the estimates, or in the appropriation bill already tabled or given first reading in the other place—and perhaps given further consideration than first reading—to familiarize themselves with both the bill and the estimates upon which the bill is based. It meant that the report of the National Finance Committee, received and debated by the Senate before the appropriation bill reached us, would, in effect, have been debated to the general satisfaction of the Senate.

Honourable senators, I should like to make this point abundantly clear: the purpose of that exercise was to enable the Senate to escape from the unfair arrangements prevailing in Parliament up to that time, which put the Senate in an invidious position year after year, session after session, and, indeed, adjournment after adjournment.

It is my belief that the procedure has worked. The Senate has gone on and developed a new procedure which is becoming somewhat of a convention, in that the pre-study of other bills ensures that the Senate will not be caught in any unfair position as a result of mismanagement, poor management, or other political factors that might very well delay legislation coming here in time for adequate consideration to be given to it.

It is important that the Senate should give the subject matter of a bill adequate consideration, and I submit, honourable senators, that whether that is done on and after second reading, or at the stage which we have reached in connection with this bill—as a result of a report coming from a committee—is irrelevant. The debate goes on, either on second read-

ing, or at the report stage arising from a committee's pre-study of the bill. That is a very important point to consider.

I value what Senator Roblin has said, that we debate the principle of the bill on second reading. But, Senator Roblin and honourable senators, it is simply because of this rather unfair practice—which nevertheless is proper parliamentary practice—that in many instances it has not been possible for the Senate, even on important appropriation bills, because of the late hour in a session, or before an adjournment, to give such bills adequate study.

I can understand what Senator Roblin is arguing for, and, in normal parliamentary practice, he is completely right. But we, in this chamber, have found that for our own protection, and to avoid the unfairness that develops from such practices in the other place—which take no account of the problems of the Senate—we have had to take steps to protect ourselves from that kind of behaviour.

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

**Senator Connolly (Ottawa West):** I would very much have liked to have seen the present situation used as an example of what the Senate can do. There may be speeches which honourable senators might wish to make on second reading when the bill reaches us. I would have hoped, in the interests of saving parliamentary time, that those speeches would have been made at the report stage. Presumably all items in the bill have been considered by the committee and the minutes of those committee hearings are now available to honourable senators. I would have thought that the views which honourable senators might express on second reading could have been presented just as effectively at this stage, and ultimately would have saved parliamentary time in dealing with the bill when it reaches us from the other chamber, having passed there on third reading.

We are developing new procedures for the Senate, and some are being developed for our own protection. We have to keep that very firmly in mind when we find ourselves in situations such as the one in which we find ourselves today.

**Senator Benidickson:** Honourable senators, in saying a few words on the proposition before us, I must include a compliment to my good friend, Senator Roblin, a former Premier of Manitoba, originally my province. We also have a more personal relationship.

Prior to a Christmas, or Easter, or any other adjournment or occasion when there might be pressure on the Senate, I have stated, and have intended one day to deliver, my absolute opposition to being asked to accept certain types of legislation at this stage of a session.

I must say to Senator Roblin, who is new to us and is of value to us, that this is an improvement upon what he might have met with on previous occasions prior to a Christmas or Easter adjournment, without there having been what I would have considered to be adequate consideration from the other house in which I sat for 20 years. Too often the legislation involved social welfare, or cheques that might be issued within days to needy people; and the other place put us in an invidious position. I stated last session, I believe, that I would sit here until hell freezes over rather than experience another situation of that kind, much as I respect the House of Commons.

[Senator Connolly (Ottawa West).]

• (1600)

I do say to my colleagues, however, that I think we have here at least one important improvement. I refer to the fact that this particular bill, which is of great consequence in terms of dollars and cents to a great number of people across the country, as well as being of great social consequence generally, has been studied—and studied in great detail—in anticipation of its arrival here by the Health, Welfare and Science Committee, under the chairmanship of Senator Bonnell.

We are not subject to a single criticism on matters of this kind from the media, who sometimes neglect our senatorial debates. This is a new departure. This is a new step for the Senate. This goes beyond the Hayden type of pre-study of bills. If the Senate passes this bill tonight, no part of the media anywhere will be able to say that we have not given it prudent consideration.

As in the case of other bills that have this welfare implication, and which, if delayed, may result in the late delivery of cheques to needy people, I for one—and I think Senator Roblin is another—would be prepared to sit here tomorrow and Sunday and even after Christmas, to deal with this bill. However, I deplore the fact that my associates in the other house, prior to Christmas and Easter, seem always to send to the Senate bills that are humane in their intent, that are important, that may have been subject to filibuster, and that require assent before the normal parliamentary recess can begin.

I have said before, and I say again, that I am prepared to stop them if they do not consider the Senate. We, of course, have hearts, and we realize that many of these bills involve cheques going out 15 days hence to needy recipients. This, I am sure, will be in our minds tonight as we consider this bill. I repeat, I am prepared to sit tomorrow, or after Christmas, if that is Senator Roblin's suggestion.

**Senator Forsey:** Honourable senators, perhaps I may venture to say something on the point that has been raised by Senator Roblin, and on the comments we have just had from the Honourable Senator Benidickson.

First of all, as to the comments from the Honourable Senator Benidickson, I think it ought to be noted that any delay we are imposing now upon the passage of this legislation is not going to prevent cheques being sent to the needy; it is going to result in cheques not being cancelled. That is about what it amounts to. This is not a bill to give more money to anybody; it is a bill to take money away from somebody, and the very justified point that Senator Benidickson makes about some other kinds of legislation does not apply here at all. We can sit here until next Christmas but one on this, and no one would be a penny the worse.

It seems to me that the real point of the objection that Senator Roblin raised has been missed. I cannot undertake to speak for him, or for anybody but myself; but it seemed to me

not that he was attacking the idea of a pre-study, or the Hayden formula—

**Senator Roblin:** That is correct.

**Senator Forsey:** —but that, to use the phrase of the Honourable Senator Benidickson, he was suggesting that this particular proceeding seems to go beyond the Hayden formula.

I thoroughly agree with all that Senator Connolly (Ottawa West) said on this subject, but there are two questions I would like to ask. First of all, is it usual to have a report of a pre-study which approves the principle of the bill which has been the subject, or partial subject, of that pre-study? I cannot recall, offhand, but I should like to ask those whose memories are better than mine, and who have had more experience of this house than I have, whether it is customary for a report of a pre-study to approve the principle of a bill.

The second question I want to ask is, if we adopt a report of a pre-study which approves the principle of a bill, what effect does that have when we get to the second reading stage? When we get to the second reading, are we going to be told that it has become a pure formality, that the house has already approved the principle of the bill and, therefore, there is really nothing to debate? That seems to me to be the essence of the point that Senator Roblin was trying to make, and I am inclined to think it is a serious one.

• (1610)

I defer to those whose knowledge of the rules is greater; I defer to those whose experience of past practice is greater; but I should certainly like to have some consideration of that particular point which I took to be the essence of the objection Senator Roblin was raising. Certainly it is the essence of the qualms that I have about the adoption of this particular report.

**Senator Bonnell:** In answer to my honourable friend, I would say that I did not move that the report be adopted. I do not want to give the false impression that we are deciding something here before second reading. I think what has been said is completely irrelevant.

**Senator Forsey:** I thought it was a motion for consideration. Is the motion then not to be put? Is there no motion before us? Has Her Honour not put the question: Is it your pleasure honourable senators to adopt the motion?—or are we merely discussing something in vacuum?

**Senator Langlois:** Honourable senators, I explained that yesterday when I referred to rule 68. This report is tabled in the Senate merely for the information of the house. The Senate is not being asked to approve the report. The report is merely tabled for the information of the house, and the motion of the chairman of the committee was that we give consideration to this information. The Senate is not being asked to approve the principle of the bill.

**Senator Perrault:** Just to consider the information.

**Senator Forsey:** So, in fact, there will be no adoption of anything as a result of this motion?

**Senator Langlois:** It is just to consider the information provided.

**Senator Forsey:** That answers my question.

**Senator Bonnell:** Just to clarify the matter further, I refer to page 407 of yesterday's *Debates of the Senate*, where I am reported as saying:

> Honourable senators, with leave, I move that the report of the Standing Senate Committee on Health, Welfare and Science on the subject matter of Bill C-14, an act to amend the Unemployment Insurance Act, 1971, which was tabled this day, be taken into consideration now.

**Senator Perrault:** Honourable senators, now that it appears that the report has been considered, and a number of comments have been heard, it may be appropriate now to await arrival of the bill from the other place. I understand a vote is under way at the present time. There is no approval of the principle of this bill.

**Senator Roblin:** I thank the Leader of the Government for that explanation because it certainly relieves my mind about the procedures we have been following. In other words, we are just talking.

**Senator Perrault:** Yes, and I think we have all benefited from the views expressed by Senator Roblin and other senators.

**The Hon. the Speaker:** As no other senator wishes to participate, this Order is considered as having been debated.

The Senate adjourned during pleasure.

• (1650)

At 4.50 p.m. the sitting was resumed.

## UNEMPLOYMENT INSURANCE ACT, 1971

### BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-14, to amend the Unemployment Insurance Act, 1971.

Bill read first time.

### SECOND READING

**The Hon. the Speaker:** When shall this bill be read a second time?

**Hon. Daniel A. Lang** moved that the bill be now read the second time.

He said: Honourable senators, I have the unenviable task of introducing this bill on second reading today. I feel very much like Mr. Scrooge when he looked at the knocker on his door and saw Marley's face. In this case the knocker seems to have the visage of Senator Forsey, and I hope I will not have to go through Christmas Past, Present and Future tonight.

Honourable senators are aware, of course, that this bill has been before the Standing Senate Committee on Health, Welfare and Science for three weeks. It comes to us tonight with

three amendments, which I should like to deal with. By way of amplification, I should say that the policy behind this bill is really very simple, but the mechanics are very, very complex. Any parliamentarian who presumed to suggest amendments to this bill would be presupposing a knowledge of the economic impact far beyond what I think would be within the capacity of any of us.

● (1700)

I want to thank Senator Bonnell, the chairman of the committee, and Senator Bird, and particularly Senator Thompson, for relieving me of the burden of a second reading introduction. They have said, by and large, exactly what I would have said and specified the same reservations about the bill as I would express.

When we adjourned last week, I went home to study the bill and also, really for the first time, to study the Unemployment Insurance Act. At that time I had many reservations about the mechanics to be adopted; many reservations about the way the bill was being implemented; and concern about what appeared to be a lack of consultation with the areas of the public to be affected. However, having done my homework over the week-end I have turned around the other way and I now feel that this is a very thoughtful piece of legislation. It is brought in at a time when we have astronomic economic problems and deficits occurring in the Unemployment Insurance Fund. I ask any of the members opposite how they would handle this situation.

● (1710)

First of all, I think we must remember that this was originally intended to be an insurance scheme. I will not absolve the government—this government—from the blame, because in 1971 that policy was departed from and abrogated. I wish we in the Senate had been sufficiently prescient to realize what those amendments would bring about. However, hindsight is easy, and I should like to remind the house that the government's contribution to this fund in 1972 was $880 million, and it rose to $1.788 million in 1977. Obviously, no responsible government could accept this escalation. The question is: How do we go about eliminating this escalation? Well, I suppose we could eliminate government support for the program and leave it entirely in the hands of the employers and employees. However, I am afraid that would probably be the most heartless thing that a Canadian government could do. Under the scheme embodied in this bill, the government is starting to move toward a self-supporting insurance scheme, and it is doing so in a way that probably involves the best instincts that could be brought to bear on the subject.

I mentioned before that, although the policy is clear, the mechanics of the bill are very complex. I will not go into them this evening, because I know honourable senators are familiar with them. I would just reiterate the five basic thrusts in the bill.

First of all, there is a higher entrance requirement for repeaters; that is, people who have been on unemployment insurance and are reclaiming. New entrants to the labour market will have to considerably increase their attachment to that market before they become eligible for benefits.



● (1720)

There is the controversial one of the increase in minimum insurable earnings using hours per week instead of, or in addition to, dollars per week earned. There is the reduction in weekly benefits from 66⅔ per cent to 60 per cent of average pay. There is a provision for recovery of benefits paid from those who, thereafter, are in a high income bracket. There is refinancing of the labour force extended benefits to share with the private sector, both employers and employees, the burden that the government now carries alone.

The savings that will be realized by the federal government, and the breakdown of where those savings will come from, have been outlined by Senator Thompson. If I wish to gauge the impact of this measure, I would have to do so against the background of public opinion. I do not think the government is moving in any way contrary to public opinion with respect to the Unemployment Insurance Act and its administration. There is a good deal of evidence that the public, including those members of the public who are insurable wage earners, feel that this scheme is subject to abuse. In fact, 90 per cent of Canadians feel that stricter controls are needed; that we should ensure, by whatever means necessary, that the beneficiaries under the Unemployment Insurance Act not be those who refuse to take a job. According to polls taken, three-quarters of the adult population are of the view that stricter eligibility requirements are necessary. These are obviously not polls that I personally commissioned, but certainly my experience would lead me to support those figures. They are government figures.

Honourable senators, the bill as we have it before us contains three amendments which were not in the first reading version with which the committee dealt in its pre-study. The committee did, however, take into account two of those amendments as the possibility of their acceptance was known during the pre-study. The first of the amendments provides that persons are not precluded from obtaining benefits through lack of qualifying work time due to pregnancy.

In the original bill, incapacity was ruled out, or was not included in exclusions from work time—that is, incapacity due to illness, injury or quarantine. To that has been added what I would only put in quotation marks, the "disability" of pregnancy.

There has been another amendment which deals with the calculation of the rate of unemployment. This is found in clause 7 of the bill, where there are the words:

> —incorporating in such rates an estimate of the rates of unemployment for status Indians living on Indian reserves.

In other words, where an area includes an Indian reserve, the unemployment amongst those Indians living on the reserve would be taken into account for computing the rate for the whole area.

**Senator Benidickson:** That has not been the previous practice?

**Senator Lang:** No. There is one other amendment which is purely technical, and which involves a change of numbering in clause 145 on page 8. That was a purely typographical error in the bill as it went to the House of Commons on first reading.

I think honourable senators will agree that the inclusion of pregnancy in terms of calculating eligibility, the incorporation of unemployment rates amongst Indians, and the inclusion of that rate for the purpose of calculating the unemployment rate of an area, are provisions that none of us could quarrel with. The third amendment, as I mentioned, was to correct a typographical error.

Honourable senators, I have the biggest briefing book that I have ever seen in the course of my time in the Senate, and it contains impact studies of these amendments, which studies were all before our committee. It describes the increase in fines for improper reporting, and gives the details of the repeater clauses and the new entrants clauses. I am satisfied as never before of the competence of the officials involved in preparing this bill and studying the potential impact of its provisions.

I do not wish to repeat what we have been through now for three weeks in committee, and I do not wish to go over matters that have been dealt with by Senator Bonnell, Senator Thompson and Senator Bird. However, I should like to underscore one fact. Responsibility in government is now one of our major concerns, and that involves financial responsibility. For too long now we have been using various acts of Parliament for purposes for which they were not designed. I say that that is particularly the case with the Income Tax Act. In 1971 this government started to distort the insurance concept under the Unemployment Insurance Act by turning it into a guaranteed annual income or welfare concept. Once we start to do that sort of thing we engage in what I would term legislative dishonesty. But the government is now trying to bring this act back to its original purpose. It is also trying to avoid an expenditure that is now at the point of $1.7 billion per year and escalating at a rate which is almost impossible to predict and not in line with the realities of its financial capabilities.

● (1730)

This is a responsible bill. It is a humane bill. It attempts to accomplish its results by affecting those people who will be least concerned with its effect. Combined with this bill is the opportunity to utilize savings produced in this area through the positive creation of new jobs.

Let us not forget that we cannot drive ourselves into bankruptcy, on the one hand, and, on the other hand, create a positive and flourishing economy. Without qualification I can say to honourable senators that I support the policy behind this bill, the principle, and above all I support the mechanisms that are being used to accomplish the results. They are humane; they are well thought out, and I defy anyone to devise a better scheme.

This bill has been in committee now for three weeks and I hope the Senate will not feel it necessary tonight to refer it to committee once again. I shall be glad to try to answer, from what limited knowledge I have of the whole aspect of insurance schemes of this nature, any questions that senators may raise. If any senator feels inclined to propose a specific amendment I would caution him or her that I will want to hear how the financial impact of that amendment is arrived at, and just what the financial impact will be. I suggest that that might be done on third reading. However, on such matters I am in the hands of the Senate.

**Senator Roblin:** Honourable senators, I move the adjournment of the debate.

**The Hon. the Speaker:** It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Fournier (Madawaska-Restigouche), that this debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Perrault:** No.

**Senator Langlois:** Certainly not.

**Some Hon. Senators:** No.

**Senator Roblin:** May we have the "yeas" and "nays" please, Madam Speaker?

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "nays" have it.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

Motion of Senator Roblin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Forsey | Marshall |
| Fournier (Madawaska-Restigouche) | Roblin—4. |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Anderson | Bonnell |
| Bird | Bosa |

NAYS (Cont'd)

THE HONOURABLE SENATORS

| | |
|---|---|
| Connolly (Ottawa West) | Langlois |
| Denis | Lewis |
| Fournier (Restigouche-Gloucester) | McDonald |
| Frith | McElman |
| Guay | McIlraith |
| Lafond | Molgat |
| Lamontagne | Perrault |
| Lang | Petten |
| | Riley |
| | Robichaud |
| | Thompson—23. |

**The Hon. the Speaker:** I declare the motion defeated.

• (1740)

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Senator Perrault:** Honourable senators, I move, seconded by the Honourable Senator Langlois, that when the Senate adjourns at 6.00 o'clock this evening it do stand adjourned until 7.15 o'clock this evening.

**Senator Roblin:** Honourable senators, the Leader of the Government was kind enough to give me notice of this motion, and I rise to say that we concur in his proposal.

Motion agreed to.

## UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—SECOND READING

The Senate resumed from earlier this day the debate on the motion of Senator Lang for second reading of the Bill C-14, to amend the Unemployment Insurance Act, 1971.

**Hon. Duff Roblin:** Honourable senators, it is evident that it is time for me to take my part in this debate, after having tested the opinion of the house with respect to the adjournment, and having acknowledged that the "gang of four," courtesy of Senator Lamontagne, have failed in their purpose, I just hope our ultimate destiny is not as unpleasant as that which is apparently intended for the original "gang of four."

However that may be, I think that Senator Lang deserved, and I think received, the sympathetic attention of this house on his introduction at the second reading stage of Bill C-14, to amend the Unemployment Insurance Act of 1971, because although Bill C-14 seems deceptively short—there are only 12 pages in it—its ramifications are detailed, widespread and complex. If it is passed, it will have a direct effect on over 1.8 million Canadians, and on a good many people who are unemployed in this country.

When I started to examine this measure I took a look at the unemployment insurance legislation, with its relevant orders in council, and there are some 234 pages of that. In addition, I have been studying some of the material presented by the government in this bill; the impact study for the proposed changes; and the description of the 48 economic regions into which the country is to be divided, and there is a great deal, materially, in that. I think I would be a brave man if I attempted to assure this body that I am completely familiar with all the information that is there.

The House of Commons has laboured since November 9 until tonight in its consideration of this measure, so as I attempt to analyze Bill C-14 today I am sure that matters of detail and some important technicalities may escape me. However, I am clear that the important principles involved in the bill are plain for all to see, and it is in connection with a matter of principle we are to concern ourselves this evening.

To explicate those principles it is necessary to examine something of the background of unemployment insurance in Canada, because it has been and it is an essential element in the Canadian economic structure. It has underwritten better standards of life for countless men and women in the Canadian wage system who at one time or another have found themselves unemployed. Over the years it has been reasonably effective in softening some of the harsh impact of temporary unemployment. It has rendered the downside swing in economic conditions, which often bear very heavily on the less fortunate sections of our population, more tolerable for the hundreds and thousands of workers who have been adversely affected by unemployment from time to time.

When you consider that this year there are officially 850,000 people out of work, and perhaps some more if you believe all the information that comes to you, obviously an unemployment insurance policy is a necessary and essential measure for the conduct of our affairs.

As others have said—and I intend to go over it again—when this policy was first brought into effect, it was basically a system of wage insurance. Certain levels of wages were protected for certain periods of time, and certain classes of workers were covered who, together with their employers, paid the premiums that were necessary to provide the complete financing of the project.

Since its inception, however, the Unemployment Insurance Act has undergone a sea change and, as a result, the welfare and income transfer payment factors that we now see in the bill were introduced. It appeared to some that these welfare and income transfer influences were gradually submerging the insurance principle.

In this course of events, among other developments, new classes were brought under the Unemployment Insurance Act. I recall one that I dealt with at another time when provincial government employees were brought under the scheme. These classes, of course, were originally excluded from unemployment insurance because it was thought that insurance was not needed for those people since there was a negligible risk of unemployment. I still think that point of view is correct. However, these additions no doubt strengthen the finances of the plan, but it is not surprising that those concerned regard their contribution not so much as an insurance premium but as

a wage tax. I would submit to the chamber that that is, in fact, what it is.

Then, in 1971 we had the so-called Mackasey amendments. I learned the other day that Mr. Mackasey did not actually develop those amendments himself; he inherited them from someone else, and it is unfortunate that Mr. Mackasey seems to bear the burden of responsibility because he introduced them in 1971. These so-called Mackasey amendments greatly widened the scope of the plan because they lowered the benefit threshold; provided longer benefit periods; liberalized the terms of eligibility; and moved further away from the original basis of unemployment insurance. However, I think it fair to say that this shift away from the insurance principle and towards welfare and income transfer principles was recognized in part by the undertaking of the government at that time to pay certain extended benefit outlays from public funds, instead of insisting that these extended benefits should be contributed by the private sector in the form of contributions from workers and employers.

● (1750)

That is a very sketchy history of some of the principal facts in the development of unemployment insurance policy in this country. It touches only some of the highlights, to be sure, and is intended only to give a rough indication of the direction in which unemployment insurance is moving, and perhaps to give the principal reason why we have this Bill C-14 in front of us at the present time. It serves to tell us why; it serves to tell us why, especially since the full impact of the 1971 changes have begun to sink in; why there is widespread public concern that the unemployment insurance plan is not working the way many people think it should; and perhaps the explanation as to why we have the skyrocketing costs, and the explanation as to why 88 per cent of the people in Canada, on a polling basis, are calling for some reforms and changes in the unemployment insurance system of Canada.

Some of these concerns surfaced, as has been mentioned, in the 1978 report of the Auditor General when he was examining the 1977 operations of the Unemployment Insurance Fund. He reported an overpayment in that period of $209 million. Of this sum, $67 million was reported by the Unemployment Insurance Commission itself. While on a testing sampling basis conducted by the Auditor General, he came to the conclusion that an additional estimated amount of $142 million probably was also overpaid. He had his range from $99 million to $179 million, so you can see that this figure is not a factual one but the best estimate that could be arrived at.

Even so, $209 million is a significant sum of money. True, it is about 5 per cent of the $4 billion paid out in last year's employment insurance premiums, but it is a partial measure of one of the problems which perhaps—and I don't wish to be too harsh in this statement, but it seems to be a fact—is a combination of inefficiency on the part of those who are running the Unemployment Insurance Commission and, possibly, misuse by the general public which ought not to take place. Even so, if the 5 per cent overpayment was all that we had to worry about, perhaps that would not be the cause of the public concern that we see today, and it is certainly not the sole cause of public concern.

Public apprehension about unemployment insurance is over more than overpayments. It is about the perception that too many people are manipulating the system in ways that may be within the law. Indeed, disincentives to work under the unemployment insurance plan are positively encouraged by some aspects of this law, and these take place at the expense of the working public, and indeed at the expense of the great majority of the conscientious unemployed. It is wrong to seek to label all those who are connected with this plan as recipients as being people who are perhaps manipulating the plan. However, there is this element that we must face, because it is a fact that some people are manipulating the system, not so much by infringing the rules, not by being dishonest, but by using the rules, and using the rules in a way which some people think results in a milking of the fund.

But, I would not have anyone in this chamber imagine that the unemployed are solely to blame for this situation. Evidence was presented at another committee of the Senate, the Standing Senate Committee on National Finance, which illustrates starkly how far the rot has gone in this question of manipulating the rules. I will give you a couple of examples from that committee's testimony.

In 1977, the Government of Nova Scotia had a job-corps plan going. This was open to students and non-students alike. It covered a 12-week period of employment. That 12-week period is important because at that time—and I guess still and until this bill is passed—it qualified people for benefits. It qualified people for 40 weeks of benefit payments in a high unemployment area like the province of Nova Scotia. So, you can see what happened. This provincial government paid the minimum wage for 12 weeks to the people enrolled under this scheme, and afterwards the Unemployment Insurance Commission paid them benefits of two-thirds of the minimum wage for an additional 40 weeks. The *Chronicle Herald*, in an editorial written about that time, gently pointed to this elegant milking of the Unemployment Insurance Fund by a government body.

The same committee was told that there were some universities in Ontario which were tailoring the contracts of their non-tenured faculty in order to fit unemployment rules and, by carefully phrasing the employment contract, they could get unemployment insurance benefits for these people during the normal university summer recess. That could not be done for tenured people, who are on a 12-month contract, but we were told in that committee that this was taking place with respect to non-tenured people by a public body of the sort that I have described. Talk about your disincentives!

But, there is another angle of disincentives, and there are so many of them that are built into the very structure of the system. While I am bringing these points to the attention of the Senate, I am not doing so from the point of view of presenting horror stories. There are plenty of horror stories if you want to look for them. I am not presenting them to the Senate as a means of pointing the finger at any particular

group in society, but to explain, as best I can, how some of our problems arise because of the very structure of the system we are dealing with. The rules allow this kind of thing to be done.

Listen to some more. If you were working a 40-hour week at the minimum wage, you would be paid $120 a week. The maximum current unemployment insurance payment is $160 a week. The difference in favour of not working is $40 a week. It is not surprising that that becomes a considerable disincentive for going off the unemployment insurance and taking jobs at the basic wage of the province, namely, $3 per hour, but it indicates the kind of thing that makes people think the system is not working the way it should. That piece of information, incidentally, I gleaned from the testimony of the Minister of Social Services of New Brunswick.

**Senator Thompson:** I wonder if the honourable senator would mind my asking him a question? I am a little confused how, if you are working at a minimum wage, you will get the maximum unemployment insurance benefit of $160.

**Senator Roblin:** I did not explain it very well. Let me go over it and see if I can get the idea across. You are working at a wage that entitles you to $160 U.I. That is the wage you came off—one that gives you $160 minimum U.I. Now you are looking for another job. All you can find is one at the minimum wage of $120. As I say, there is a 40-dollar incentive to stay on the benefits and not take this substandard job at the minimum wage.

● (1800)

Another interesting example on the same subject was presented by the minister from Ontario. He looked at it this way, and perhaps this will explain it a little differently. If one's pay is $200 per week, the unemployment insurance benefit is $133.33, and one is allowed part-time earnings of $33.30. If one went on unemployment insurance and then took a part-time job, one would make $166.66. There isn't much incentive to go back to full-time employment at $200 a week if one is only $23 better off.

This is the kind of problem people drafting unemployment insurance laws are up against, and they are difficult laws to draft. If public bodies—and I have mentioned a couple—take the view of the unemployment insurance system that I have described, it is hard to come down on the heads of private citizens who prove themselves equally as ingenious at finding ways to make the system work to their own advantage. Even if the great majority of unemployed Canadians respect the integrity of the unemployment insurance system—and I completely believe they do—it is not hard to understand why unemployment insurance costs are so enormous, and it is not hard to understand why public dissatisfaction with the workings of the system is widespread.

Just to add a complicating thought to this line of reasoning I am attempting to develop, emphasis is added when it is recognized that only 10 per cent or less of those whose benefits are exhausted proceed from the unemployment insurance roles to the welfare roles. The federal government will not admit the 10 per cent figure. In their discussions with the provinces, they have been saying it is about 5 per cent. I think 10 per cent is not an unfair figure.

While I do not intend this to be an exhaustive review of the situation, other speakers have added important points which I wish to acknowledge at this stage. The evidence is overwhelming that the unemployment insurance system needs a complete reconstruction. It is the actual design of the plan which leads to much of the abuse of which we are complaining. We should not seek only to penalize all individual Canadians who are unemployed, as Bill C-14 does, in my respectful opinion. If we want to go after the abusers, we should go after them directly. We need an income replacement plan that is financially sound and socially just. That is what public opinion is demanding today. Canadians want to see a reduction in unemployment insurance costs; they want to see a move as far as possible away from disincentives to work, and a move toward incentive to work. They want a plan that will play fair with the 1.8 million people who received unemployment insurance benefits in 1977.

If you have agreed with my analysis so far, the question obviously arises: How does Bill C-14 measure up to this set of standards or criteria? If it measures up, it is to a rather inadequate degree. It does reduce costs. It does reduce work incentives, though it is hard to say by how much. However, it is headed in the right direction. It adopts inferior measures insensitive to need, and sadly unfair to youth, women, people in the Atlantic provinces and people in the province of Quebec.

While I can support the principle of Bill C-14 as far as it goes, I can only do so in the hope that the bill can be subsequently amended to mitigate its injustices to thousands of workers, and to render its virtues, such as they are, more meaningful and effective. From that it can be taken that I hope at some stage in the proceedings to move amendments to this bill.

What does this bill do? It has five main features, the first of which is that it strikes 250,000 people off the benefits roll, all of whom probably paid premiums. These 250,000 people comprise several classes. We are given a list in the yellow book which I showed honourable senators at the outset of my remarks. First, there are the repeaters. According to the list, we have 55,000 repeaters. That is interesting. Given that we have 850,000 people officially unemployed and there are only 50,000 official unfilled jobs in the country, it is not surprising that there are a lot of repeaters.

While I listened carefully to Senator Thompson's speech in which he outlined the government's measures for retraining and job creation, and while I by no means wish to downgrade that effort—in fact, it is important that it be done—I think in passing it is also fair to say that, insofar as training is concerned, we seem to be training people for the wrong jobs. We cannot seem to supply skilled people for the jobs that are available.

**Senator McElman:** Retraining is a provincial matter.

**Senator Roblin:** I put all programs, provincial or federal, into the one basket. One of the important tasks that lies ahead

for both levels of government is to key the job-training structure into the jobs that are probably going to be available. That is something that has not been fully successful. We have had statistics regarding the employment of those who have been retrained, but I would like to know how many of those people are employed in a job for which they were retrained. I think it would be fewer than the statistics, as given, would have us believe.

If we want to help these people, we can only hope and pray—I am reduced to prayer—that the training programs will be more effective than they have been in the past. The government has expended vast amounts of money on job creation programs, such as the Canada Works Program. Very often the jobs created disappear in six weeks. I suppose it is necessary to try, and I suppose it is necessary to keep on trying, but the results of those programs have not been encouraging. We need to get our economy in shape so that we have fewer *bona fide* unemployed than we have at the present time.

The second category making up the 250,000 who have been struck off the rolls is that of new entrants and re-entrants, of whom there are 159,000. This category is comprised, for the most part, of youth, women and seasonal workers. In her excellent speech, Senator Bird described how that particular clause in the bill affects the women of Canada. I can do no better than to recommend to honourable senators that they read her words. A further change in the regulations affects a further 42,000, for a grand total of 250,000.

It is all very well to try to get at the malingerers, but to use a broad axe such as this will result in not only the pine tree, but every tree in the forest, coming down.

The bill reduces the benefits of all other unemployment insurance claimants, comprising about 1.5 million people in all. The first lot are out, and the benefits of the second lot are reduced from 66⅔ per cent of average salary to 60 per cent.

I ask the honourable senators to consider the impact of the two proposals I have mentioned to this point—the striking off the rolls of 250,000 people and reducing benefits for the rest—on the disadvantaged regions of the country to which reference has already been made, Atlantic Canada and Quebec.

To illustrate how these proposals would affect those regions, 10 years ago the rate of unemployment in the more fortunate provinces of Canada differed from the less fortunate, the differential then being 2.9 per cent. That differential has now increased to 7.9 per cent. This illustrates the problem—a tremendous increase in the proportion of unemployment between one section of the country and the other. It illustrates the problem of attempting to produce a better element of fairness in the unemployment insurance system of our country. And I regret that although I am in favour of restraint, I think the way that it is being done bears with undue harshness on the people in that part of Canada, as it does on women and new entrants like young people and those who are coming back to unemployment insurance because they have lost their job again.

● (1810)

What is the third of my three factors? The third is a transfer. I have been watching with interest the financial manipulations of the Government of Canada in order to get the cost down, and believe me they are a pretty ingenious bunch. I take my hat off to them, because here they have found an ideal way of transferring costs from their backs on to somebody else's, for which they will get very little criticism, I suspect. This bill provides that $400 million of the $892 million that it purports to save arises from the transfer from the public to the private sector of certain extended benefits.

Now I must be careful. My $400 million figure may be the maximum or it may be somewhat less than that, because there are shifts of other costs which have to be taken into account and I do not have that figure in my head. But it is sufficient to illustrate that there is this enormous transfer of costs for paying for certain extended benefits from the public to the private sector. And so the private sector would have been able to reduce its premiums paid by workers and by management to some extent if this transfer had not been made. But now that it is going to be made, they are not going to be able to reduce it by very much—a little, but not by the full amount that they might otherwise have expected. But the federal government's financial burden will be reduced to that extent.

Then we have factor number 4 in my list of features of this bill, and that is that in cutting off unemployment insurance benefits the way it does, it is going to shift a certain amount of cost from the federal treasury to the treasuries of the provinces, and there has been a lot of argument about this. The reason for that is, of course, that people who are cut off from unemployment insurance may apply for welfare. There has been a lot of argument as to how much. I am not in a position to judge that sort of thing, but I can tell you that the federal government admits that $25 million net—and that is the net, not the gross—will be picked up by the provinces, and the figures that the provinces are talking about are just about double that, somewhere in the region of $44 million. Whatever it may be, it is a pretty substantial sum that is going to be shifted. So we have two instances of shifting the cost to others, to say nothing of the cost that is shifted to the backs of the unemployed.

The fifth factor of this bill that is of real interest is that it saves the federal treasury an estimated $892 million, and that is certainly a considerable contribution towards restraint and cannot be ignored. Other features of the bill, and there are many, I shall leave to others to describe.

To sum up the principles of Bill C-14, a cost restraint is imposed, although a good deal has been shifted merely from one set of payers, the federal government, to another set, people in jobs, employers and the provincial governments. Work disincentives are reduced marginally, in my opinion. I suppose when one considers these two factors, as I said before, one might be induced to support the principle of the bill, but when it comes to the ways and means by which this has been achieved, and when it comes to the effectiveness, to the equity, to the fairness of the measures outlined in the bill, it is just

about as far from being satisfactory as it could possibly be. So I have to tell my honourable friends that I am going to have to talk to myself quite firmly to vote for this bill on second reading. I only do so in the expectation of being able to place before this house suggestions that will improve it, increase the restraint and savings and distribute the impact of the thrust of this bill more fairly and, to some extent, decrease the work disincentive features which are causing so much trouble.

The most significant change I want to make was recommended to us by the provinces—not by one province, not by two provinces, but, *mirabile dictu*, by all ten provinces of Canada. You can start in the west with the Social Credit Government of British Columbia; you can proceed on to the Progressive Conservative Governments of Alberta, Manitoba, Nova Scotia, New Brunswick and Ontario; you can go back and pick up the NDP Government of Saskatchewan; you can move on to the Parti Québécois Government of Quebec and you can go to Prince Edward Island where they still have a Liberal government, and you will find that they are all on the same wavelength. They are all in favour of the proposal which I intend to place before you now. To have ten provinces and five political parties all on the same wavelength is quite unusual in this country today. I only wish we could sometimes get the same thing going in dominion-provincial conferences, provided they could occasionally agree with the federal government as well.

However, the proposal that they put forward was that we should distinguish between two kinds of unemployed. We should distinguish between those who have dependants and those who do not have dependants. I think the logic of that argument is well understood. Twenty-seven per cent of the people on unemployment insurance are unemployed with dependants; 73 per cent are unemployed without dependants. So their proposal was that instead of a flat, across-the-board reduction from 66⅔ per cent to 60 per cent, there should be a dual rate; that the 66⅔ per cent rate should be retained for those unemployed with dependants, and that the 66⅔ per cent rate should be reduced to 50 per cent for those unemployed without dependants.

That distinction between the jobless with dependants and the jobless without dependants, in my view, gives no offence to natural justice. Indeed, it is recognized in our tax laws. Those of us in provinces concerned with workmen's compensation, which is a kind of insurance, know about it. It is in the Canada Pension Plan and it is in a variety of public measures. Furthermore, it has the distinction, as has been told to us this afternoon, of having been part of the unemployment insurance pattern in the past. That distinction between those with dependants and those without dependants was in the administration of the act from 1940 to 1970 and from 1971 to 1975. That indicates to me that it is administratively feasible.

If you accept the principle that there is a measure of justice in making this distinction between those who have responsibilities for others and those who do not—and I for one accept that distinction—let me try to tell you what it means in dollars and cents so that you can understand the concrete impact of a proposal of this sort. I am using the figures that were presented by the Province of Ontario, dealing with the effects under the new maximum benefit standards that are in Bill C-14. You understand that the bill includes, among other things, an increase in the standards that they are using.

Well, workers with dependants under this two-tier plan would receive $176.27 at the maximum. That is $18 more that they would get now. In this period of inflation and of rising costs of living, I do not think any of them would object to that. It is a 10 per cent increase, but it is for people who have dependants for whom they are responsible.

For those workers without dependants, the new maximum benefit under Bill C-14 would be $132.50. That is $37 less than they receive now. We might just as well face up to that fact when we are considering this two-tier system. So workers with dependants on the maximum benefits under Bill C-14 would get $18 more than they do now, and workers without would get $37 less than they do now. But I think it would introduce into this measure a degree of equity that is absent at the present time.

● (1820)

This proposal would eliminate, I suppose, 100 per cent of the cost of welfare shift feature that I have mentioned with respect to provincial welfare budgets. I think also that if that were the change made in the act, it would simplify greatly the administrative aspects of it in comparison with this cut-off of the 250,000 and all those other changes that I have mentioned.

I put it to the Senate that not only is the differential defensible on the grounds of policy, but it has a significant financial benefit instead, because it provides the funds—here I want to be very clear—to reinstate on unemployment insurance those 250,000 people who would be struck out by the workings of this bill.

It is 6 o'clock, Madam Speaker, and with your consent I shall resume my remarks afterwards.

**Senator Perrault:** If the honourable senator would like to complete his remarks, the government would like to co-operate with him. He may do whatever he wishes.

**Senator Roblin:** If honourable senators can bear with me for another ten minutes or so, I will complete my speech.

To come back to my point, if we adopt the two-tier system, benefits could be restored to the new entrants; benefits could be restored to the re-entrants and the repeaters. The bias against this class would be removed insofar as they are totally outside the purview of Bill C-14, and there would be a better deal for young people and a better deal for women, because they would be on the system.

I have to admit that this proposal probably does not go as far as Senator Bird would like to see it go, but I hope, and I suggest, that it is an improvement, so far as women are concerned, over the bill that we have before us at the present time. It would certainly be a very significant factor for the high unemployment areas in Canada, Quebec and the Atlantic provinces. In my view, that goes without saying, and if anyone

has paid any attention to the figures in this yellow book, that fact will be made abundantly clear.

I would also suggest that to an extent the two-tier system would decrease, more than Bill C-14 decreases, the work disincentive features of the current act. I make no grand claims for the disincentive effects of paying 50 per cent of the rate of benefit to people without dependants, but it certainly reinforces whatever disincentive features there are in the bill at the present time, and probably experience would indicate that it would be quite valuable.

I now come to my second proposal, and I would like honourable senators to note that the change I have just recommended, together with the second proposal I shall offer, increases federal government savings by about $162 million over the savings claimed for Bill C-14, despite the fact that it takes in again, under the aegis of the unemployment insurance arrangements, the new entrants, the re-entrants, and the repeaters that are to be removed as things stand at present.

My second proposal is one that will be familiar to this chamber. It is that those who leave their jobs without just cause should be considered in this operation. This category is not mentioned in the bill, but I must say frankly that there are 220,000 people in this category who in 1977 received benefits amounting to $450,000.

I want to make it perfectly clear that people have a right to quit their jobs, for just cause or for no cause, and we should recognize that right. It would not be good for people, men and women, to think that they were completely at the mercy of their employer with respect to their job situation. They have a right to quit. At the present time these quitters are entitled to unemployment insurance benefits after six weeks' unemployment. My proposal is that we should increase this waiting period from six weeks to 12 weeks. I suggest that this increase is not unreasonable in the circumstances of people who leave their jobs, and I suggest that it reinforces the policy of restraint about which we have been speaking.

It seems to me, as I look back upon Bill C-14, that we can ascertain its genesis with some degree of certainty. I suggest that after certain television appearances of August last, there was a flurry of *ad hoc* measures to cut costs, and Bill C-14 is, I think, one of these measures, but it uses a meat-axe, and the justice it metes out is very rough. The few changes in Bill C-14 which I shall propose, one to clause 5 and one by way of a new clause, have the same thrust, but it is my conviction that they do it in a much better way.

The proposals I intend to introduce at the next stage will save more money. They will save $162 million more, and will raise the amount of savings from $892 million to $1,054 million. The burden of the savings, by and large, is borne by the jobless—we must not forget that; but I suggest that this method of spreading it over 1,800,000 people, rather than the 230,000 that will be cut off today, is more equitable than the measures proposed in this bill. I think that this proposal of mine will give further consideration to regional disparities, which we are so concerned about, and at the same time will work in the direction of decreasing the work disincentives that were built into the 1971 act. I want to tell honourable senators that even if Bill C-14 were passed with all my amendments included—and there may be other and better ones in the bushes, for all I know—I, for one, should not be satisfied because what we need is a thorough reworking of our unemployment insurance policy. We need to isolate and restructure the insurance elements of that plan. We need to separate and identify what transfer and welfare elements we propose to adopt in such a plan. Above all, we need to design a system that is financially sound and socially just; an income protection plan that helps those that are entitled to it, that is designed to work against misuse and abuse, but avoids penalizing those who need the help the measure can provide. In my opinion, Bill C-14 does very little in any of these directions. At best it is a temporary piece of ad hoc-ery, and I suggest that this is a challenge the Senate of Canada might well accept.

After this bill is disposed of we might give some thought to arranging for one of our committees to accept that challenge, a challenge to help the workers, to help the employed and the unemployed alike, and to get a policy in the unemployment realm that is suitable for the needs of the people and the economy. I think the Senate could well help design a plan that the whole nation could be proud of.

Meanwhile, I hope that this bill will go to committee. The honourable gentleman who moved second reading indicated he was not disposed to do this, but I ask him to give some consideration to this suggestion. I do not mind whether the committee chosen is the Standing Senate Committee on Health, Welfare and Science or the Committee of the Whole, but I think the bill should go to committee. There are points that should be elucidated, as far as I am concerned. Not all of us had the privilege of attending the committee, and it seems to me that if we are going to introduce our amendments, the committee stage is the best place to start them rolling. We have there an opportunity to give the full reasoning behind them, and an opportunity to discharge our obligations to the sponsor of the bill to deal with the finances of the matter, as he requested and as I am prepared to do. In other words, this would give us the opportunity to conduct ourselves in the usual way in which we deal with bills after second reading.

I guess the bill is going to pass, either in the Committee of the Whole or some other committee of the house, so with that request to the honourable sponsor that we should proceed to committee as the next stage, I take my seat.

The Senate adjourned during pleasure.

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• (1915)

At 7.35 p.m. the sitting was resumed.

**Senator Lang:** Honourable senators, I have been in somewhat of a quandary this evening because of the very able arguments presented by my colleague, Senator Roblin.

**Senator Forsey:** Is Senator Lang closing the debate?

**Senator Lang:** Yes.

**The Hon. the Speaker:** Is the Honourable Senator Lang closing the debate or only answering a question?

**Senator Lang:** I am closing the debate.

**Senator Forsey:** Do not close the debate yet. I defer to Senator Marshall.

**Senator Marshall:** There was agreement at 6 o'clock this evening that Senator Roblin would be able to continue until 6.10 p.m. and that there was no need to adjourn the debate.

Honourable senators, I am pleased to participate in this debate and to follow my distinguished colleague, Senator Roblin.

Does Senator Benidickson have a question?

**Senator Benidickson:** What are we proceeding on?

**Hon. Jack Marshall:** We are proceeding with the debate on the second reading of Bill C-14.

I repeat that I am pleased to follow my distinguished colleague, Senator Roblin, who covered, in glowing terms, all the points in the bill. I should also like to commend Senator Lang. I can understand the dilemma that he has, the government has and, indeed, the Minister of Employment and Immigration must have who, I am sure, as a humane Canadian, recognizes the difficulty of introducing a bill of this kind that affects so many people in isolated areas across Canada.

I understand that when Senator Bonnell spoke at the committee stage, he indicated that the minister was sympathetic to the original proposal with respect to repeating claimants. It had been contemplated that if an individual drew 26 weeks of benefits, he or she would have to work the same number of weeks in order to establish a new claim. After hearing representations from many sources, especially those from the Atlantic provinces, the government made two significant changes to the definition of "repeaters" so that this provision will now create less hardship in those regions of Canada where jobs are harder to find and there is high unemployment.

Moreover, to take account of important regional disparities, the bill now proposes that the repeaters provision will not apply in any region of Canada where the applicable regional unemployment is over 11.5 per cent. So far as my province of Newfoundland is concerned, I only wish we had that rate of unemployment because it is more like 16.8 per cent.

Honourable senators, knowing the exorbitant amount of money that has to be spent on unemployment insurance, I can understand the government's dilemma. However, it is obvious to me that it will create hardship not only to people in eastern Canada and Newfoundland, which I represent, but also to people across the country who live in areas that are out of the mainstream of economic development and where unemployment is high. In the central parts of Canada where economic development is taking place, the employment rate is good.

I want to apologize to Senator Bonnell that, as a member of the committee, I was unable to attend the six or seven meetings that the committee held. My absence was only because we on this side of the house are so few in number that we must have an order of priorities to enable us to carry out our responsibilities.

Senator Connolly explained the purpose of referring the subject matter of a bill to a Senate committee. I appreciated his remarks. This formula for pre-studying legislation before it is formally introduced in the Senate is particularly useful when you are dealing with a complicated bill such as Bill C-14, which has been under consideration in the House of Commons for two months now.

• (1920)

At the committee meeting that I did attend we had as witnesses representatives of the Canadian Labour Congress, and two paragraphs from their representation put into perspective in a few words what the bill is all about. They said:

> Bill C-14, in our view, brings this six-year charade to the point where the whole fabric of our unemployment insurance legislation is threatened with destruction as a social insurance program. Indeed, we are rapidly approaching its substitution by a means-tested welfare program under which Canadian citizens will no longer be eligible for jobless benefits as a matter of right, but will have to meet a mixed bag of employment durations and earnings criteria that emphasize a cost benefit ratio formula as the focal point of eligibility.
>
> This scenario is contoured in Bill C-14 where it seeks to categorize claimants into new entrants, re-entrants and repeaters; sets up 20 hours per week and 30 per cent of maximum weekly insurable earnings as minimum criteria for coverge; increases basic entrance requirements, establishes retroactively a straight reduction in the level of benefits; triples the number of regions for the purpose of calculating percentages of unemployment, and introduces a direct form of discriminatory taxation to recover a percentage of benefits already paid and already taxed. All these provisions are aimed at reducing the government's share of the bill for 8 per cent or higher unemployment in the work force to give plausibility to its misdirected program of restraint. In doing so it exhibits a callous disregard for the eventual fate of the unemployment insurance program and that of the people who need its benefits most to survive in the world of work where there are few, if any, jobs to be found. It also tends to discriminate against women workers and young work seekers.

The effect on women was expertly explained by Senator Bird yesterday, for which she should be commended.

I indicated that this bill creates hardships in the part of the country I come from. I am sure the minister sympathizes. That has to do with the Atlantic provinces, parts of Quebec, and many other parts of the country. It affects especially the five eastern provinces, in which, through no fault of their own, because of the economic situation, potential workers are exposed to periodic and genuinely involuntary unemployment. In the regions of high unemployment this bill will represent a substantial burden on people who are unemployed through no fault of their own.

One factor of the program, the 20-week provision, is difficult to comprehend. There is no possible way that people in Newfoundland could comply with this provision, whereby the entry or re-entry of a claimant will require 20 weeks of contributions. By definition that eliminates the seasonal worker. Whether he happens to be from Newfoundland—the seasonal fisherman, such as a lobster fisherman—whether he happens to be from Prince Edward Island, Nova Scotia or New Brunswick, it will be difficult for anyone to comply.

Over the years we have had the experience of this, even in the last bill.

The minister accepted the recommended changes by members from the eastern provinces when the bill was amended last year to provide for a regional factor built into the qualifying period so that people in Newfoundland would not have to work as long to qualify for benefits as those in places like Alberta.

• (1925)

Take the lobster fishermen in Newfoundland, for example. The season runs from April to July.

**Senator Riley:** In some areas.

**Senator Marshall:** Yes, in some areas. I stand corrected by Senator Riley because in Prince Edward Island and in Nova Scotia the seasons are different. But in Newfoundland, there are some seasons when the fishermen never get their traps into the water because of ice conditions or of poor weather.

Tourism is another industry that employs seasonal workers. Incidentally, through the good offices of the government, my district on the west coast of Newfoundland has one of the finest national parks ever created, the Gros Morne Park. Those who are lucky enough to get employment there find it difficult to qualify for unemployment insurance benefits because they only work during a short season. The last statistics that I am aware of show that there are 34,000 unemployed in my province, plus another 13,000 who are not even registered at the Manpower Offices, representing 45 per cent of the people looking for work.

Senator Thompson said that some of the money that will be saved as a result of this bill will go into training programs. Senator Roblin explained how these programs work. They operate on a national basis and are not geared to suit particular regions.

**Senator Thompson:** That is not correct.

**Senator Bosa:** That is not correct.

**Senator Thompson:** Senator Marshall, I suggest to you that you have in Newfoundland, as was mentioned when the committee met, LEDA, which is one of the programs given. Admittedly, it is not specifically on training, but it is the local employment development program, and the department told us that they are tailoring these programs specifically to meet local needs and local initiatives.

It may be logical, for example, to have a training school in Alberta for welders required to work on the Northern pipeline.

**Senator Marshall:** The LEDA program has just been introduced. To give an example, the community employment strategy program just introduced in the Port au Port area, which is in my district, was directed in the right way, but the government, in its wisdom, decided to cancel it.

It is significant that on this very day the Premier of Newfoundland is in the town of Stephenville to explain the details of the purchase of the Labrador Linerboard Mill, where some 1,100 people were put out of work because of the closure. I can indeed commend the federal government and the Department of Regional Economic Expansion for providing $13.5 million to help Abitibi Price reactivate the mill and to change its operation from manufacturing linerboard to manufacturing paper, thus providing employment for some 650 people.

The government does not seem to realize, as they did not realize when the Labrador Linerboard Mill started three or four years ago, that any industry helped by government is supposed to provide employment in the area. They always forget the basic fact that people have to be trained.

• (1930)

Senator Thompson said that the federal government will provide $300 million for Newfoundland's retraining programs. They provided $400 million in the past, but still the unemployment level is 16.8 per cent. For example, we have enough tractor operators and truckers trained in Newfoundland to supply all of Canada. That is not what we need at the present time. We need to have our people retrained so that they can get jobs in this new mill, for which we are thankful.

**Senator McElman:** Will the honourable senator permit a question at this time?

**Senator Marshall:** Yes.

**Senator McElman:** Is it not the responsibility of the province to determine what training will suit the purpose of the province?

**Senator Marshall:** That is right. It is done in consultation with the federal government. The federal government has been very helpful in the past in trying to provide jobs. However, I do not want to take anything away from the provincial government for not letting the Labrador Linerboard Mill Ltd. go down. The revitalization of the mill will be a boost to the west coast of Newfoundland but, I say, too, that along with the fact that the government is providing $13.5 million in financial assistance to the purchase of the mill with the province, the government has to realize that rather than sending Newfoundlanders out of the province they should keep them in Newfoundland and put them in on-the-job training programs so that they can take the jobs offered in their own area.

That does not get away from the fact that Newfoundland is in a dilemma with regard to this bill. One of the difficulties we shall experience is that people will be taken off the unemployment insurance rolls. The province will be financially burdened when these people have to receive social assistance. I spoke to one of the officials of the Department of Social Assistance in Newfoundland today. He told me that last year, while people were going through this waiting period, there were 1,500

people with less than 20 weeks of stamps, and they had to apply for social assistance and were given that under the condition that they repay it when they received their unemployment insurance benefits. However, they never did qualify for that. The reduction will mean a loss of $4.7 million for the first fiscal year, $8.3 million in the next year, and it will increase from there.

Last year there were 4,000 able bodied relief recipients in Newfoundland. According to the figures I was given today, that will double next year because of the changes that will occur as a result of Bill C-14. I can only say—and I do not want to belabour the point that Senator Roblin made—that the simple solution would have been to accept the province's proposal, whereby those who do not have dependants will get the lesser rate of 50 per cent, and maintain the figure of 66⅔ per cent for those who have dependants and who need it most. As I said, Senator Roblin gave us those figures. It appears that when anyone comes up with some commonsense amendments, the government rejects them. Indeed, under the proposed amendment the government would save more than $800 million or $900 million.

• (1935)

I hope honourable senators in their wisdom will consider the amendment to be proposed by Senator Roblin. I know we will be able to impress upon the minister that the amendment would result in greater benefit for the people of Canada.

I wish to emphasize again the hardships that people in high unemployment regions will suffer as a result of this measure. I know the minister is sympathetic, and I feel certain that we in our wisdom can convince him as to the merits of the amendment.

We have recently experienced once again the recurring disease of anti-sealers. The sealers in the remote areas of Newfoundland often require the time over which the seal hunt takes place in order to qualify for unemployment insurance benefits. Also ignored in the whole controversy of the seal hunt is the fact the seal meat provides these people with a high protein food source.

In summary Senator Roblin's proposed amendment would improve the bill for the greatest benefit of all Canadians and achieve the desired savings under the government's restraint program.

**Senator Thompson:** I wonder if I might ask the honourable senator a question. I am wondering whether he can tell us offhand the number of young people and women that would be affected in his province as a result of the proposed reduction in benefits.

**Senator Marshall:** I do not have those figures at hand. It may be that Senator Roblin has a province-by-province breakdown. It may be possible to provide the honourable senator with those figures during committee consideration of the bill.

**Hon. W. M. Benidickson:** Honourable senators, it is difficult for me to take a conflicting view on an unemployment insurance bill. It has been said that this bill will be ineffectual. One who has made that allegation is my honourable friend from Newfoundland, Senator Marshall. One of the great breakthroughs in this insurance bill has as its purpose the benefit of fishermen in the Atlantic provinces, and from the point of view of its sagacity and its sureness it can be considered a great breakthrough. I am sure it will be to the advantage of his friends. It met with my approval—because I was here—particularly insofar as the insurance feature of it was concerned. But there have been many other breakthroughs.

• (1940)

I am surprised at my friend, the former Premier of Manitoba, from the Conservative Party of that province, wondering if perhaps this bill is too restrictive and too unhelpful to the beneficiaries of the insurance plan. I hope he has explained that, and I hope he will explain it in Manitoba where he is highly respected. But we have heard, after certain very, shall I say, small "1" liberal amendments to the important legislation introduced by my good friend, the Honourable Bryce Mackasey in 1971, friends of my colleague, Senator Roblin, who were very much opposed. Some of those were what I call liberalized improvements beneficial to the recipients under that statute and that legislation. So I don't know what our trouble is in a practical way. We have tonight, just before Christmas—and I do not want to be political—three colleagues who would support my good friend, ex-Premier Roblin, and in the official opposition we have a great number of others. Not that it is not normal that we have a disproportionate distribution here at times, but here we are. We had an amendment a little earlier, as I understood it, asking that we discuss this after Christmas. Now, is it reasonable that this should be done? Was it unreasonable that we voted it down, when we have on this side 40 as against three on the opposite side?

• (1945)

I think there is a heart and a feeling and an understanding for legislation on the part of all members of this chamber as well as on the part of the members of the other chamber, and I, as a long-time independent Liberal labour representative, both in the other place and here, feel sensitive to this kind of legislation and debate. Nevertheless, we have to be realistic. We have to look at the facts.

I must say that I was a bit hesitant to speak on this matter, having noted that Senator Roblin, who spoke so eloquently, had the benefit this afternoon and this evening of the advice and counsel of our distinguished friend Senator Forsey, who likewise gave good counsel to the Canadian Labour Congress. I am sure Senator Roblin and Senator Forsey have many matters in common with respect to this bill, and I find that food for thought. It makes me wonder whether those who are to benefit under the legislation are properly represented here tonight; indeed, it makes me wonder whether I am deficient in that respect and am not representing them. But I wish to state clearly that I am quite prepared to meet after Christmas. Of course, I did vote against an amendment the purpose of which was to have further discussion after the Christmas recess, but when I look around and see so many others opposed to it—responsible senators and legislators, persons sympathetic to all

responsible senators and legislators, persons sympathetic to all concerned in this important piece of legislation, others who like myself in 1971 supported Mr. Mackasey's proposals, which were then voted down to an extent by the people of Canada because they obviously required some rectification and improvement—I am not satisfied that we are not doing our duty if we dispose of this legislation tonight, especially as I know that Senator Bonnell's committee dealt with it both extensively and intensively over many, many meetings.

• (1950)

**Hon. Eugene A. Forsey:** Honourable senators, I must apologize, first of all, for taking up the time of the Senate at this late hour—not late in the evening, but late in the period before the recess—to what I fear some may regard as an undue degree. My excuse for doing so is that I think I am the only person present tonight who for 27 years was closely associated as an official, first of the Canadian Congress of Labour and then of the Canadian Labour Congress, with the people who are most directly affected by this legislation, the working people of Canada; and for that reason I think that perhaps I bring to the consideration of this subject—

**Senator Benidickson:** Would the senator permit me to say that I would not accept that entirely. The unorganized labour people are very important and are not identified with—

**Senator Forsey:** All right. I accept that observation; but the fact remains that I think I am correct in saying I am the only person in this place tonight who for 27 years was an official of first the Canadian Congress of Labour and then the Canadian Labour Congress, who represent a considerable proportion of the workers of this country, certainly of the organized workers of this country; and that's my excuse for taking up perhaps more time than in other circumstances I should. Having said that—

**Senator McElman:** Would the honourable senator permit me to ask if he does not think that former premiers in this chamber and those who have been representing people of constituencies also represented very ably organized labour as well as others in the community?

**Senator Forsey:** What the honourable senator is saying is quite irrelevant to what I was saying. I repeat for the third time, honourable senators, that I am the only person here tonight who has been an official of the Canadian Congress of Labour and the Canadian Labour Congress for 27 years and that therefore I think I have a particular reason for speaking and a particular point of view to bring. There may be a dozen other people here—there can't be two dozen, because I don't think there are two dozen present—there may be a dozen other people here who have an equal right to speak on behalf of large segments of the population, perhaps a much larger segment than I have. I am not making any reflections upon anybody else or anybody else's title to speak, as representing any group of people they want to say they represent. If the Honourable Senator Roblin, for example, wants to say that he represents the entire population of Manitoba, one million people, and if the Honourable Senator Robichaud wants to say that he represents the whole population of New Brunswick, and that between them they represent more than all the labour congresses put together, I have not the slightest objection. But thanks to these interjections—which I think were entirely irrelevant to what I was trying to say—I have just taken up more time repeating what I said in the first place, and I just hope that I shall not have to engage in further repetitions of this kind simply because of irrelevant interjections.

**Senator McElman:** But the record is now clear.

**Senator Forsey:** I am sorry. I am not going to put this apparatus on for a while now because I want to get on with my speech instead of having to answer interjections which simply throw me off my train of thought, such as it is. The next thing I want to say—

**Senator Riley:** Is the honourable senator opposed to interjections?

**Senator Forsey:** I beg your pardon?

**Senator Riley:** Is the honourable senator opposed to interjections from the floor of this house?

**Senator Forsey:** No, I am not opposed to interjections, but I am not proposing to put this apparatus on, to overcome my infirmity, every time somebody gets up. If somebody wants to make an interjection, he will have to put up with not being answered necessarily at the time he makes it. I am sorry, but I don't want to spend the whole evening repeating, repeating and repeating something that I think is perfectly clear in the first place.

I was about to embark on some conciliatory remarks, but now I have become somewhat heated as a result of these interjections.

**Senator McElman:** I apologize—

**Senator Forsey:** Oh, heavens on earth. I never saw such a performance in my life. What is it now?

**Senator McElman:** I apologize for intervening. I did not wish to be discourteous to the honourable senator. I thought it was normal practice for all honourable senators to permit a question.

**Senator Forsey:** Perfectly normal practice, and I tried to answer; and then the same thing came up again, and I tried to answer again. I am not proposing to go through the rest of the evening answering something three or four times in succession, repeating the same thing three or four times in succession, and I am not proposing to have to sit down every two or three seconds because somebody jumps up to ask some question which may or may not be entirely relevant.

• (1955)

Now perhaps I could be allowed to make one or two conciliatory remarks. I want to make them because I shall probably be presenting observations that will be very distasteful to some of the members of the house. I want to say, first of all, that the government, in the present circumstances, faces a very difficult situation. So do all governments in the western world. I am very thankful indeed that I have no more responsi-

bility in regard to public affairs than I have. I do not envy people in the cabinet. I do not envy even the leaders of the opposition in the tasks they have to perform. Fortunately, my task, such as it is, is a much more modest one. I am going to try, however, to fulfil it to the best of my ability.

The next thing I want to say is that I realize that the government is under very strong pressure to engage in restraint, and that there are solid reasons for that. I am not sure that the measures of restraint that have been embarked upon are invariably well considered. I am not sure that other measures could not be taken which would be more effective in stimulating economic growth, which seems to me to be one of the most necessary things in this country at present.

I am not much impressed, for example, by the cuts in the Public Service of Canada, or by the way they have been undertaken, and this is a subject on which I hope to deliver my soul at some length and with some vigour on another and more appropriate occasion. I am not certain that some of the revenue that is needed to meet the large government deficits could not be recovered by getting at the large amounts of deferred taxes which certain corporations, large and by no means poverty-stricken corporations, owe to the people of this country. I am not altogether sure, either, that the savings which were supposed to result from this particular measure will be quite as large as is suggested, because, if I understand the government's proposals correctly, a certain amount of the money to be saved is to be used in employment-creating programs. I am delighted to hear that the money is to be used for employment-creating programs. I only hope however, that it will get through to the people who need it most. I am a little inclined to think that some of it may be lost in bogs and sands, and that some of it may not get to the people who need it most.

I am going to quote now—for the first time, since I shall be quoting later, on other specific matters—from a most interesting document published by the Social Planning Council of Metropolitan Toronto in October last. It is entitled "Policy Statement: The problem is jobs . . . not people: A response to proposed provisions of the Unemployment Insurance Act by the Government of Canada." In a few respects this document is slightly out of date because some changes have been made in the program since it was drafted, but this particular quotation from it, I think, is not out of date by any means. It is:

> A stated justification for a reduction of Unemployment Insurance benefits is to finance a job creation effort from the money saved. There is no guarantee that those who will suffer a reduction in benefits will be the ones to acquire jobs, nor is there any guarantee of a sufficient number of jobs.

This sums up an uneasiness and a disquietude that I feel on this subject.

Before going on to consider the bill specifically, I should like to say one or two things about some of the contributions that have been made so far to the debate this afternoon—or technically to a previous debate, in some instances—on the report of the Standing Senate Committee on Health, Welfare and Science, and notably a couple of remarks made by Senator Thompson. We heard from Senator Thompson what I thought was a most excellent speech, very well thought out and very well expressed, as is the case with all his speeches. This one, however, I thought, was particularly notable.



• (2000)

I was very much inclined to agree with nearly all that he said about, for example, the present Unemployment Insurance Act being outmoded legislation; about fundamental changes taking place in society; and about the necessity of having fundamental changes in our social security system accordingly. As I listened to him, I thought to myself, well, that's very nice, but as he, in effect, admitted, this bill is not it. This bill does not meet the needs of which he was speaking. I entirely endorse his suggestion that it would be a very good idea for the Senate to set up a committee or ask one of its standing committees to investigate the whole question of social security or at least of unemployment insurance in this country. I think, in effect, that Senator Thompson was not giving very high marks to this legislation when he was talking about the need for something very fundamental.

There is one other remark of Senator Thompson's I would like to comment on. He spoke with approval, as I understood him, of the re-amalgamation of the manpower and unemployment insurance offices or the bringing of them once again under one roof. He remarked, perhaps a trifle facetiously—I hope that was it—that under the new dispensation, or the restored old dispensation, it was possible for an unemployment insurance claimant to make his claim and then to be told, and I have his words down exactly, "Go down to the next room and get a job." When I heard that, I said to Senator Roblin *sotto voce*, "I would like to find that room; it must be a magical room". I think there are a great many people in this country now on unemployment insurance, or off it because they have exhausted their benefits, who would be very interested in finding that room down the hall from the unemployment insurance offices, where they can get a job.

To come to the bill itself and to certain connected considerations, I heartily agree with the excellent speech which we have just heard from Senator Marshall. As an expatriate Newfoundlander, I was particularly struck and particularly moved by what he said about those in my native province. I shan't attempt to embroider on what he said; that would indeed be painting the lily and gilding refined gold.

I was also, of course, greatly impressed by what Senator Roblin said although, in certain matters, I find myself not in agreement with him, as will become evident as I go on.

I think the 1971 Unemployment Insurance Act was a good act. I do not feel there is any apology to be made for its provisions. I think it is unfortunate that so many of those provisions are now being undermined or destroyed or whittled down—choose your own metaphor.

I am appalled that this legislation was introduced without any kind of consultation with the people most affected, whether employers or employed; and if anybody thinks I am exag-

gerating there, I can say that I questioned, at the one meeting of Senator Bonnell's committee which I attended—many of the meetings took place at hours when I was chairing another committee—I particularly asked the representatives of the Canadian Labour Congress if they had been consulted. I asked them twice very specifically, and they said flatly that they had not. I said, "What has become of the old unemployment insurance advisory committee?" They replied, "Oh, it's dead, but under the new act passed in 1977 there was provision for an advisory council." I further asked, "Well, has it been appointed yet?" Their reply was, "No, it has not."

It was explained to us by the representatives of the department that it was very difficult to get these things going. First of all, they would have to find somebody to chair some kind of strategy committee or selection committee which would decide how the council would be made up, and then they would have to find other members of this committee. Then they had to find "the time and the place and the loved one all together," where this committee could meet. Then the committee had to advise them on who they should consult, who they should put on the council, and I think we were told that on November 18, if I remember correctly, a letter had gone out to the Canadian Labour Congress inviting it to appoint its representative on this new council, and the Congress, we were told, had not replied. It seems quite clear that there was no proper consultation, and, as far as I can discover, no consultation with the employers' side either.

● (2005)

It is all very well to say they were able to come before a committee afterwards and put in their two-pennyworth. But this is a quite different thing. If you come before a committee with a piece of legislation before you and start to explain why you think this particular clause is ill-drafted and that clause will have bad effects, you run up against a sort of amour propre in the government and in the officials, who naturally are prejudiced in favour of the work of their own hands and their own minds, and are rather reluctant, in many instances—and understandably so—to make changes. Whereas, if there is prior consultation and you put merely a draft before them confidentially and say, "What do you think of that?" then the representatives of the unions or the employers say, "Don't you realize what the consequences of that would be? It would get you into the most unholy mess, for this reason, this reason and this reason." The minister and the officials may then be inclined to say, "We hadn't thought of that. We will take another look at it," and they may then perhaps be prepared to make changes. If you come to them in public before a committee and suggest the same sort of thing, your chances of getting changes are, I think, almost certainly much diminished.

In any case, there always used to be, on changes in the Unemployment Insurance Act, consultation with an official Unemployment Insurance Advisory Committee provided for in the act. In this case there was no such committee in being, and there appears to have been no informal consultation, which would have been perfectly possible, even though the council had not been set up.

It seems to me that it would have been good sense to have that prior consultation. It would have been justice, and it would have been a signal example of working participatory democracy, of which we used to hear a good deal. Instead of that we seem to have got a piece of slapdash legislation. I shan't use some stronger language, which I think was used by a previous speaker. I shall merely confine myself to the colloquialism of saying that it seems to me it is slapdash legislation.

I may also remark that the result is one which seems to have a great many of what I would call the wrong friends—the Canadian Manufacturers' Association, the Canadian Construction Association and the Canadian Chamber of Commerce. Now, I don't say they are not entitled to their point of view, but as an old labour man, when I find those people all lined up ranged behind a particular program I am inclined to be very suspicious; I am inclined to feel that the program—

**Senator Frith:** They always speak very highly of you, sir.

**Senator Forsey:** That shows their kindness of heart rather than their good judgment. Anyway, I feel uneasy when I find what seem to me to be the wrong people so enthusiastic about a measure of this sort, which I think will unquestionably work a great deal of hardship on many unfortunate people.

The next thing I want to mention is this talk about a pure insurance program and a welfare program. Well, I suppose you can ring the changes on that indefinitely, but I don't think that anybody actually is proposing a pure insurance program. It seems to me that the bill itself has a number of welfare elements in it. It doesn't seem to me that any of the suggestions that have so far been made for amendments would be free of the same objection. I think there is a great deal to be said for the amendment which I gather Senator Roblin intends to propose, restoring the present rate for unemployed people with dependants, and cutting the rate to 50 per cent of insured earnings for single persons.

● (2010)

But it does not seem to me that you can absolve that proposal of the charge of being a mixture of insurance and welfare and so if somebody says to me, "We must get this thing back to purely insurance principles," my answer is, "Well, I don't see any sign that that is coming," unless we get this massive, global re-working of the whole thing suggested by Senator Thompson. It certainly does not seem to be proposed by anybody on either side of politics at present and there is a certain inconsistency in most of the arguments that are made on that point.

Now then we get all this about the abuses under the act. Well, I fail to see that there is anything in this legislation which really deals with the abuses. No doubt there are abuses. There are abuses of everything you can think of. There are even abuses connected with the Senate, as all of us are aware. Some of us are getting uneasy about some of these things. But I can't see anything in this bill that really deals with them. Most of the abuses, I suspect, can be dealt with and in fact are being dealt with by stringent administrative methods and there

is something in this Social Planning Council report on the subject which suggests that they are being dealt with in a more than severe method, in a very harsh fashion and that in fact that people are being almost victimized by some of the officials in the way that they go after them.

If anybody wants me to produce evidence, I can hunt for a moment or two and find it here.

I might add that when I am quoting the Social Planning Council of Toronto, Metropolitan Toronto, I feel that I am quoting a fairly respectable body. I am not producing something sponsored by the Communist Party of Canada, official on the one hand or Marxist-Leninist on the other. I think the people on the Social Planning Council of Toronto are people of knowledge, experience and capacity and, as far as I know, they are not even supporters of the New Democratic Party, let alone revolutionaries.

I think perhaps I can find that passage here—I see I have marked the page—the passage in which they speak of the administrative measures which have already been taken and which perhaps not everybody realizes have been taken. A great deal of this talk of abuses is, I think, talk—gossip—and it gets reflected in the various polls. I am not profoundly impressed always by the validity of these polls and I suspect that if you ask people some of the questions that are asked, "Do you think people are cheating on unemployment insurance?" or something of that sort, it is very much like saying, "Do you think there are people who are doing wrong?" The answer is, "Yes, of course there are." If you went around and said to most of the people of Canada, "Do you think the people of Canada sin?" the answer would probably be, by an overwhelming majority, "Yes." But it does not follow that the whole population is made up of Hitlers or Bluebeards or Jack-the-Rippers. I am not much impressed by that.

The report says:

> Furthermore there is reason to believe that the administrative procedures used by the Unemployment Insurance Commission are not only becoming tighter, but may have overstepped acceptable limits to public involvement in the lives of individuals. Benefit control procedures appear to be arbitrary and based on a general mistrust of recipients. Procedures that do not fully reveal regulations to recipients, the designation of high abuse categories, trick questions, intimidation tactics, and unofficial cut-off quotas are all inconsistent with a democratic society and the maintenance of basic human rights.

I don't necessarily subscribe to that. I simply say this is the report of people who presumably are in the position to know something about the way the administration of the legislation is handled in a relatively prosperous area like Toronto, and if this should be done in the green tree what shall be done in the dry? If there are difficulties of anything like that sort, even discounted by 50 per cent in an area like Toronto, I suspect an even greater proportion in other parts of the country where the unemployment situation is worse.

[Senator Forsey.]

• (2015)

I want to make it quite clear at this point that I am opposed to this bill lock, stock, and barrel. I am anxious to do everything I can to delay its coming into effect. I make no apology for that whatever. I think it is bad legislation. I think it is cruel legislation. That is a harsh word to use. I don't mean to imply that the people responsible for it are cruel. I simply say that I think the effect of it is cruel.

I think it is a very inappropriate piece of legislation to bring on at this season of the year. We heard a good deal yesterday about the Christmas spirit. Well, if this is an example of the Christmas spirit, I should prefer to be excused and have the spirit of some other time of the year.

There are a number of specific points in the bill which I think need to be emphasized once again, and I shall be able to do so in most instances very briefly, because they have already been dealt with adequately by previous speakers. But I do want to say again that the bill would work great hardship on part-time employees, and especially women. I entirely ascribe to everything Senator Bird said on this subject. Indeed, I think I could take from this document that I have been quoting a variety of statements and statistics to show that Senator Bird put the matter very moderately indeed.

I think there is no question also that the cut from 66⅔ per cent of insurable earnings to 60 per cent will work enormous hardship, and comes at a peculiarly inappropriate time when the cost of living is rising every single month. This is going to work terrible hardship on many people. It is going to work terrible hardship on families; it is going to work particularly severe hardship, of course, on people from the disadvantaged areas of the country, such as the Atlantic provinces or eastern Quebec.

I want to say something more specifically about some of the things that are brought out in this report on the situation in Toronto. We are used to hearing about the Atlantic provinces; we are used to hearing about eastern Quebec; and we are used to hearing about particular regions in the Atlantic provinces such as Cape Breton or northeastern New Brunswick.

I was, frankly, profoundly shocked, startled, appalled to find in here the latest figures—or pretty well the latest figures; I think the latest ones they quote are from August last—on the situation in Toronto. Toronto is a place that some of us are inclined to think is in the banana belt climatically, and in the golden horseshoe economically. But, as they point out here, if you take Metro Toronto you had, in August 1978, 95,000 unemployed as against about 100,000 in the whole province of British Columbia. If you take the March figures, you will find that the Metro Toronto figure was just below the British Columbia figure, and about double the whole province of Alberta, more than double Nova Scotia, more than double New Brunswick, and they go on and on. There is a long list of figures there which I shan't quote. One has to have some kind of mercy on the Senate. If I went on as I intended to go on quoting chapter and verse, I might be accused of subjecting my colleagues to cruel and unusual punishment.

The situation there is a very serious one. Again, I am inclined to say if it is so bad in Toronto, I have every reason to think it is very much worse in all other parts of the country.

● (2020)

I am tempted to go on and deal with a number of other matters, but I think I shall, in charity to my colleagues, make just one other point, and I do so with great emphasis.

In this same document, pages 20 to 25, there is reference to the contradiction between the policy embodied in this bill and the policy embodied in the bill dealing with child benefits, which we passed enthusiastically. They have a good deal to say, and in detail, about the effect of this on those unemployed who have families. In fact, they quantify it. They give figures on the subject which, to my mind, are perfectly appalling. They give figure after figure to show that the net result of the two pieces of legislation, taken together, will actually be to decrease the funds available to the unemployed with families.

That, of course, will be covered, to some extent, by Senator Roblin's proposed amendment. I am a little dubious about the part of that which would reduce the benefits to single unemployed. But I think it will be a vast improvement over what we have here. I must admit that the fact that it is unanimously supported by the governments of the provinces, including, if I understood Senator Roblin correctly, the NDP Government of Saskatchewan, carries with me a good deal of weight. The contradiction between this niggardly, penny-pinching, miserly legislation and the child benefits legislation which we passed recently, seems to me very sad—indeed, tragic—and very depressing.

I have merely skimmed the surface of this legislation, honourable senators. Had it come to us in the ordinary way, with ample time to discuss it, I should have prepared myself much more thoroughly than I have done, and I should have been inclined to speak at much greater length, setting forth a long catalogue of the deficiencies in this bill and the necessity of at least making a number of amendments to it.

I shall myself, if I can find a seconder, and if, as the Quakers say, "way opens", have four amendments to propose. There is one other which I would like to propose, only I am afraid it would be out of order. I will make some reference to it when we come to the stage at which amendments are possible just before I propose, or attempt to propose, a particular amendment to the clause in question.

I think I had better defer any further comments until we get to the stage where amendments are possible.

**Senator Thompson:** I wonder if the honourable senator would permit a question.

**Senator Forsey:** Certainly.

**Senator Thompson:** The honourable senator made reference to a document of the Metropolitan Toronto Social Planning Council in which there was reference to the manner in which departmental officials in the city of Toronto investigate claims for possible abuses. He is aware, of course, that all claimants have the right of appeal in respect of the decision of the benefits officer.

I have no great love for bureaucracy, but I must say that I do admire very much the approach that has been taken by the departmental officials in Toronto in administering the Unemployment Insurance Act. I have not come across any evidence of a harsh investigatory approach.

In light of what was quoted from the document of the Metropolitan Toronto Social Planning Council, I am wondering if Senator Forsey would ask that body to forward to the department particulars of any specific cases of abuse of which they are aware. I am simply saying that I wish the honourable senator, having quoted from the statement of the Toronto Social Planning Council, would ask them if they would send to the department details of specific cases that they know of. I know, from having sat on the committee, the department would move very quickly, as would the minister, to take to task anybody who is arrogant and intimidating in trying to find out if a claimant is cheating the system.

● (2025)

**Senator Forsey:** Thank you, Senator Thompson; that is an excellent suggestion and I shall certainly take it up. I was careful to say that I did not necessarily share that; I was simply giving the evidence of people who presumably have certain experience. Evidently Senator Thompson has had quite a difference experience, and I am delighted to hear it.

I presume there is some kind of evidence for this or they would not have said it, and I merely quoted it in order to emphasize that I think very strong measures have been taken by the officials, and properly taken, to get rid of abuses. Parenthetically I might remark that I do not think the horror figures from the Auditor General are really relevant because I don't think that was a case of the wretched recipients overstepping the line; I think it was probably the infernal computers making a mess of things.

**Senator Thompson:** In replying to your point, senator, in the committee it was brought to our attention by the departmental officials that there are many reasons for the overpayments, including computer errors, and the Auditor General had made a number of suggestions for internal scrutiny and better quality control, and so on, which I understand the department is now putting into practice.

**Senator McElman:** The honourable senator mentioned in his remarks that his attendance at another committee prevented him from attending meetings of the Health, Welfare and Science Committee at which we heard many witnesses, including tremendous testimony from first-class civil servants, testimony that really answered some of the questions he has now raised. What committee was it that prevented him from attending those meetings?

**Senator Forsey:** To the best of my recollection, on occasions the meetings conflicted with meetings of the Joint Committee on Regulations and other Statutory Instruments—and it is my recollection which may be at fault—and on other occasions they conflicted with meetings of the Constitution Committee. I know there were a number of times when I wanted to get to this committee, of which I am not a member, and it seemed to

me for some reason or other quite impossible for me to do so, and my recollection is that it was in conflict with other committees. But it is quite possible that my recollection is completely at fault, and that Senator McElman with his usual perspicacity and his excellent memory would be able to catch me out and come to me tomorrow with a long list and say, "Which of those?" And I should have to say, "*Mea culpa, mea maxima culpa*. I was quite wrong; my memory played me false. It is already evident that I am getting senile; and we now have a fresh piece of evidence on the subject."

**Senator McElman:** I would not under any circumstances subscribe to the last words of the honourable senator. I have too much respect for him for that. But, as he knows, I am rather analytical in such things and I took the occasion, since he mentioned that it was a committee that he was chairing, to check very carefully, and the committee that he was chairing was not in conflict with the committee that studied this bill and heard such excellent testimony from senior bureaucrats or first-class witnesses before that committee. But I do agree that he was able to attend on that one occasion when the Canadian Labour Congress was there.

**Senator Forsey:** I fully subscribe to what the honourable senator says about the first-class officials, judging by what I saw that day, and I am sure they were equally good on other occasions. I was very much impressed by it.

• (2030)

I think it is quite evident from what Senator McElman has said that the Senate should take with a grain of salt various statements I have made, and follow Senator McElman's example and check on them very carefully. My colleagues would then be in a position to downgrade markedly the kind words they have said about me on various occasions, and that would be very good for my soul.

**Senator McElman:** May I simply add in the best of humour, senator, that, in addition to the grain of salt, I enjoyed the pepper with which you delivered your remarks.

**Hon. Daniel A. Lang:** Honourable senators—

**The Hon. the Speaker:** I wish to remind honourable senators that if the Honourable Senator Lang speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Lang:** Honourable senators, I find it a difficult chore to close this debate. I was particularly impressed by Senator Roblin's presentation, and I am always impressed by Senator Forsey's. I can take neither of them lightly. I am really, in a way, being escorted tonight by the "ghost of Christmas yet to come." It is a rather dismal graveyard that those on the other side are pointing to, but I really think they are overstating the facts in their descriptions of this bill.

First of all, I think we have to be realistic and recognize that Canada is facing a current account deficit of something like $12 billion. That is fundamental to everything that is being done here. Certainly, if we try to rectify this situation we will undoubtedly produce legislation that will deprive people of certain government-provided benefits. Well, if we are mature people, we will do it; if we are not mature, then we will head for fiscal bankruptcy.

Senator Forsey called this cruel legislation. That statement is beyond my belief. What is cruel about it? The legislation is beneficial. He says it will have a bad effect on part-time workers and a serious impact on women. I don't think of women as other than persons. Yes, there will be certain persons affected who are part-time workers or women, but let us not exaggerate the impact of this legislation and paint it with such lurid colours as Senator Roblin and Senator Forsey would.

This is reasonable and, I suggest, honourable senators, humane legislation which is aimed, by means of its mechanisms, at avoiding the abuses that are now prevalent.

I have never had any particular sympathy for the policy of this government with respect to having consultation—or lack of consultation—with various interests before introducing legislation affecting them. In many ways that same lack of consultation preceded this legislation. But I should like to remind Senator Forsey that when the Anti-Inflation Act came into effect, the Canadian Labour Congress thereafter pulled out of all bodies in which it was involved with the federal government. If consultation is to have any meaning, it has to be two ways. I would like him to carry that message to them. They cannot have it, on the one hand, by withdrawal, and, on the other hand, complain that this government does not confer with them.

Honourable senators, we have had an argument tonight that the Unemployment Insurance Act should not be regarded as insurance. If the Unemployment Insurance Act is not to be insurance, let us be honest and say so; but if it is insurance, then let it be insurance. That leads me to one other point, which concerns the proposals inherent in Senator Roblin's remarks. If anyone goes out to buy life insurance, or fire insurance or income protection insurance, the premiums do not depend on how many children he has or whether he is married or unmarried. Anything that would bring in a two-tier system here would detract from the insurance concept and would, in effect, be the reverse of what Senator Roblin is, I think, trying to support.

What would be the economic impact of doing this? One might say that they did have it in the act before. I now propose to read from a script that I have:

> The initial proposal put forward by the provinces, which is supported now by the Conservative Party, was to have a 50 per cent benefit rate for claimants without dependants and a 66⅔ benefit rate for claimants with dependants. The concept of dependants was not defined.
>
> It was pointed out during committee hearings that the adoption of this proposal would have a serious discriminatory effect on women. If one were to use the definition of "dependants" as contained in the Unemployment Insurance Act before 1976, total savings with this approach

would be about $850 million, which is comparable to the package contained in Bill C-14.

If one were restrictive and adopted, the provincial definition of "dependants"—that is, only dependant children—savings would be increased and discrimination towards women even more profound.

Using the former Unemployment Insurance definition of "dependants" the two-tier proposals could result in a situation whereby only 5 per cent of women would receive the highest benefit rate, whereas 42 per cent of men would be entitled to that rate.

In order to overcome the discriminatory effect on women, the Conservatives then proposed that either spouse can claim the children as dependants. In other words, there was no longer a differential benefit rate for those with or without dependants; but for those with or without children, whether or not they were really dependants, the use of this definition would overcome the discriminatory effect towards women, but would also reduce the savings by over $200 million.

Finally:

The Leader of the Opposition in the other place at the report stage introduced a motion that the Conservative two-tier proposal would use the same definition of "dependants" as contained in the Income Tax Act. This definition is very similar to that formerly used in the unemployment insurance program—that is, it would include dependant spouses as well as children.

What effect would this have? The Income Tax Act allows either spouse to claim the children as dependants. If this course were followed in such a way that whichever spouse was claiming unemployment insurance claimed the children as dependants, this would have the effect of reducing discrimination against women, but would reduce the savings under the program down to $638 million.

● (2040)

If in fact, as is presently the case, a spouse with the highest marginal tax rate continues to claim the children as dependants, then the savings would be in the order of $840 million, but the discrimination against women would continue to be profound.

In other words, my friends on the other side cannot have it both ways. In order to maintain the high level of savings the two-tier approach must discriminate against women. The removal of that discrimination implies a considerable loss—about $200 million—in the savings to the unemployment insurance program.

Now, honourable senators, I am not competent to deal with the technicalities of this thing, but I am sure that my friends on the other side are similarly incompetent to deal with these technicalities, and I think it would be presumptuous of them to try to press their suggestions tonight, if in fact they do so, with such lack of basic background knowledge, experience and technical data.

I am going to speak now to the question of whether this bill should be referred to a committee. I am opposed to this, for one reason. One of the most creative, innovative procedures that we have developed in the Senate has been the pre-study system that we started to use about five or six years ago. The whole purpose of the system is to avoid dilemmas such as that we find ourselves facing tonight. The Senate has done its committee work. It has studied the bill. Senator Bonnell has presided over a committee whose membership, I found, was more conversant with this piece of legislation than almost any other committee I have ever been with.

**Senator Benidickson:** Then let us applaud him for that.

**Senator Lang:** That committee has been sitting now for over three weeks. To refer this matter to a committee, or to a committee of this whole house, tonight, would abrogate the whole purpose, function and precedent we have established so laboriously over six years. If any motion is made tonight to make a mockery of the procedures developed by this chamber, by way of referring this bill to committee, I will strongly oppose it, and I hope most of my colleagues will support me. On the other hand, I hope that no one in this chamber will make that suggestion. It would be a redundancy, a mockery. It would destroy a system which we have developed, and which to date has been eminently successful and productive.

Honourable senators, let us not try to second guess the government on this bill. This is actually not a cruel bill; it is a humane bill. Its objective is to reduce the government's loss in the most humane way possible, and to create an incentive to work.

Let us not be dishonest with ourselves. A high proportion of Canadians today are pogey artists, who live off this mechanism and who design their lifestyle around unemployment insurance. I think we have got to recognize that, and be quite honest about it. We have got to provide those people with real employment, reduce their dependency on unemployment insurance as a way of life, and lead them into creative and productive careers.

At this point in the evening I do not want to get into a comparison of the Canadian system with those of other countries. I will merely say that, by and large, our system in Canada is probably one of the most generous in the western world.

Honourable senators, when I wake up on the morning of the Christmas soon to come, and look out the window, I will say: God bless you every one.

**The Hon. the Speaker:** It is moved by the Honourable Senator Lang, seconded by the Honourable Senator Petten, that this bill be now read the second time.

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

**Senator Forsey:** No.

**Senator Roblin:** Madam Speaker, I ask for a recorded vote.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

● (2050)

Motion of Senator Lang agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Anderson | Lang |
| Benidickson | Lewis |
| Bird | Marshall |
| Bonnell | McDonald |
| Bosa | McElman |
| Choquette | McIlraith |
| Cook | Molgat |
| Denis | Perrault |
| Fournier (Madawaska-Restigouche) | Petten |
| Fournier (Restigouche-Gloucester) | Riley |
| Frith | Robichaud |
| Lafond | Roblin |
| | Thompson—25. |

NAYS

THE HONOURABLE SENATOR

Forsey—1.

**The Hon. the Speaker:** I declare the motion carried.

Motion agreed to and bill read second time, on division.

THIRD READING

**The Hon. the Speaker:** When shall this bill be read a third time?

**Senator Lang:** Honourable senators, I move that the bill be now read a third time.

**Senator Roblin:** Honourable senators, is the mover of the motion for third reading going to speak, or has he exhausted his repertoire on this occasion?

**Senator Lang:** I have not exhausted my repertoire, if you really want to bring me back into the act, but I do not choose to use it.

**Senator Roblin:** Then, honourable senators, perhaps I may be permitted to take part in the debate on third reading of the bill.

I want to start by expressing my very keen disappointment that my honourable friend has not agreed to send this bill, after second reading, to a committee. My preference being for Committee of the Whole. It seems to me that we are following a dangerous path if we accept his advice, because he told us that we do not need to send a bill to any committee after second reading, provided it has had prior consideration—a pre-study, as we call it—by some committee of this chamber.

[Senator Roblin.]

That is what I understood him to say, and I hope that I got the gist of his argument correctly. I must say that I find that a very dangerous argument indeed, because the fact of the matter is that the exception to the rule is to have the pre-study. That is the new idea. That is the new step that we are taking, with which, under certain circumstances, I have already stated that I heartily agree. I support most of what Senator Connolly had to say in that respect. But if we use it as a device for getting around too much of the regular procedure of this chamber, we are going to run into trouble.

Again I must defer to senior and possibly more experienced senatorial politicians than certainly I am, but I remember coming here and being quite struck with the fact that we did not make use of the Committee of the Whole very frequently. I think it has happened only once in my tenure here. I listened to the recommendation that if we had a select committee looking into the matter, it need not go to the Committee of the Whole. But there is a very dangerous lacuna—Senator Forsey, I hope I have that right—in the situation because, although all senators may attend special committees, it is by no means certain that all of them can. I do not think, for example, that anyone should be condemned if he is not a member of the committee and does not attend a meeting because, even though there may be other committees meeting at the same time, there are always lots of things to do. We should refrain from being unduly critical of any senator who does not attend a meeting of a committee that he is not a member of. In fact, I would not even criticize him if sometimes he does not attend a meeting of a committee that he is a member of, because things happen. The point is that only a certain few members are able to attend meetings of these select committees of the Senate.

The main purpose of Committee of the Whole is, of course, to give everybody, regardless of whether or not he or she is a member of a standing committee, a chance to have a go at the bill in detail. One of the main advantages of that procedure is that it gives a chance for a free exchange of information in respect of the measures that are before us.

When you come to third reading that is quite impossible. I can only speak once. I could not reply to some suggestions that my honourable friend the sponsor made on second reading, because it is out of order to do so. Any contribution I make on third reading, I have to make all in one piece and then sit down—I have had my say. If we are in Committee of the Whole, it is much different. At that time there is no limit to the number of interventions that a senator may make, and it is possible to conduct a reasonable dialogue between people with different points of view, seeking to find the middle ground or, if that is impossible, seeking to verify the facts.

I will give you some examples of the kind of thing I am talking about. We have been challenged on this side of the house to say something about the arithmetic of the two-tier system and the other matters that go with it. I came prepared to do that.

● (2100)

I have in my hand a series of estimates which I submit are worth considering which set out how the finances of the PC

two-tier plan works. It deals with the estimated impact of the two-tier plan on the basis of information tabled by the department on December 4, 1978. Secondly, it deals with the impact of the part-time workers' provision in our amendments to this bill. The source is the detailed impact study of November 9, adjusted to reflect lower benefit rates. This deals with the repayment provisions. Again, the source of those is given as the detailed impact study of November 9. It also deals with the increased disqualification of the quits, which we talked about in the other debate. They are detailed here, and the methods of calculating the amounts of money involved in all those are set out so that one can form a reasoned opinion as to the validity of the figures.

I must agree with anyone who says that they are estimates. The government's figures are also estimates. Nevertheless, these are fairly reasonable figures to go on.

If we were in Committee of the Whole, it would be quite possible for me to exchange views with any senator who would like to go into this matter. I could tell the Senate how these figures were arrived at. They show a total savings, after deducting the welfare impact on the provinces, of $1.54 million. Against that is the government plan of $935 million less the welfare impact, being $892 million, giving a difference of more than $162 million as between the plan I am proposing and the plan we have now.

Members of the Senate will have to take my word on these figures being relevant, because we will not have a chance to deal with them. I should like to ask, for example, about this $400 million which is being transferred to the provinces. What is the rationale of deciding on December 22, 1978 that an extended payment benefit—which has been deemed for five or six years to be a non-insured item, in the sense of its not being part of the insurance plan and, therefore, paid for by direct government payment—is now an insured item as opposed to what is an income transfer or welfare item and has been classified as such for the past few years? There must be a reason for that, and if we were in Committee of the Whole it might be explained to my satisfaction.

I should like to ask, for example, what would have happened to the insurance rates for the employees who contribute, and the employers who contribute, if they had not been asked to assume this new $400 million expense, which is now assigned to the insurance portion of the plan? Those kinds of questions might be revealing.

I was particularly struck—and I know one must not refer to debates on a previous subject, but if I phrase it carefully perhaps I can skate around that rule—to be told a few minutes ago that the two-tier principle is a departure from the insurance plan and would spoil the purity of the bill. Well, honourable senators, are we not aware that there are some 90,000 people already in the two-tier system in the government plan. Who are they? They are the people making more than $20,000 a year who will be asked to give back part of their insurance premiums.

There is no insurance principle that I can discern in that, and if you can swallow that I do not see why you cannot swallow a two-tier system that deals with people who have dependants and those who do not. It seems to me that, had we been in Committee of the Whole, these matters could be discussed.

I should like to examine with my honourable friend the point he raised about the effect of the two-tier plan on members of the female sex as opposed to the plan proposed in the bill. What is the impact of the bill on women and youth, and what is the impact under the two-tier program that I am sponsoring whereby these people would be put back on the rolls? I do not know whether it balances out, but it seems to me that there might be an element of some rough justice in there at any rate.

It would not serve the purposes of this house for me to detail on third reading the questions I should like to have asked had there been a Committee of the Whole stage. I should like to have gone through the whole bill from stem to stern. I should have liked to have examined the increased entrance requirements for program repeaters and for new entrants and re-entrants. I should like to have examined the change in the financing of the Labour Force Extended phase. I should like to have looked into the benefits rate change and what the implications of that are. I should like to have looked at the repayment of benefits for high income claimants. I should like to have had the increase in minimum weekly insurability explained.

Honourable senators opposite may say that I should have been at the Select Committee. It is not possible for all of us to be at the Select Committee, and I do not think it is a proper argument to make in any event. We have a procedure in the house by which these matters can be dealt with, that being a Committee of the Whole. Not so long ago we had the then Acting Minister of Labour, the Honourable André Ouellet, in the Senate, and he was able to give a good account of himself. I am sure the minister responsible for this bill, had he been here, would have given a good account of himself, and in fact he might have been able to deal in an authoritative manner with some of the views that I and other senators hold on this particular bill.

I am disappointed that it has not been thought fit to have the Committee of the Whole stage, or some committee stage, on this bill. It seems to me that committee consideration is part of the parliamentary procedure for a very good reason. It is not something that we should deliberately refrain from having, especially when requested, unless there is a very good reason to do so.

There are many pieces of legislation that come before this house for which Committee of the Whole consideration would be redundant, and we had an example of that this afternoon in the case of Bill C-34. I am sure honourable senators would approach this matter with a good deal of common sense. They are not going to insist on formal stages of a bill just for the sake of it, although in other bodies that certainly is done.

Common sense is one of the qualities one might attribute to the deliberations of this body.

I have been impressed, I must say, on how well we do without the rule book most of the time. We seem to get along remarkably well without reference to it. We even manage to settle some of the points of order without having to trouble Her Honour the Speaker. I, for one, am in favour of that. I rather enjoy that more relaxed atmosphere. But I regret that it was not seen fit to grant the request for Committee of the Whole consideration in this instance.

I have two amendments to move, honourable senators, one of which I shall ask Senator Marshall to move. I move:

> That Bill C-14, An Act to amend the Unemployment Insurance Act, 1971, be amended in Clause 5 by striking out lines 15 to 20 at page 4 and substituting the following therefor:
>
> "24. (1) Subject to subsection (1.2), the rate of weekly benefit payable to a claimant for a week of unemployment that falls in the claimant's benefit period
>
> (*a*) in the case of a claimant without a dependant is an amount equal to fifty percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks, and
>
> (*b*) in the case of a claimant with a dependant is an amount equal to sixty-six and two-thirds percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks.
>
> (1.1) Where two claimants under paragraph (1)(*b*) are related to each other as husband and wife or are living together in a common law relationship, either may elect to qualify as a claimant with a dependant.
>
> (1.2) Notwithstanding subsection (1), in the case of a claimant who lost his employment by reason of misconduct or who voluntarily left his employment without just cause the rate of weekly benefit payable to that claimant for a week of unemployment that falls in the claimant's benefit period is an amount equal to fifty percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks."

To expedite the process, I have copies of my motion which I shall now have distributed to all senators.

• (2110)

**Senator Lang:** May I ask the mover of this motion a question? Your motion would not affect the premium payments by employer or employee? Am I correct in that?

**Senator Roblin:** Yes.

**Senator Lang:** Those people with dependants would get the same benefit as those without dependants, is that right?

**Senator Roblin:** When the amendment is put I shall try to explain this as best I can, and I shall leave it at that point.

**The Hon. the Speaker:** It is moved by the Honourable Senator Lang, seconded by the Honourable Senator Cook, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Marshall:

> That Bill C-14, An Act to amend the Unemployment Insurance Act, 1971, be amended in Clause 5 by striking out lines 15 to 20 at page 4 and substituting the following therefor:
>
> "24. (1) Subject to subsection (1.2), the rate of weekly benefit payable to a claimant for a week of unemployment that falls in the claimant's benefit period
>
> (*a*) in the case of a claimant without a dependant is an amount equal to fifty percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks, and
>
> (*b*) in the case of a claimant with a dependant is an amount equal to sixty-six and two-thirds percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks.
>
> (1.1) Where two claimants under paragraph (1)(b) are related to each other as husband and wife or are living together in a common law relationship, either may elect to qualify as a claimant with a dependant.
>
> (1.2) Notwithstanding subsection (1), in the case of a claimant who lost his employment by reason of misconduct or who voluntarily left his employment without just cause the rate of weekly benefit payable to that claimant for a week of unemployment that falls in the claimant's benefit period is an amount equal to fifty percent of the claimant's average weekly insurable earnings in the claimant's qualifying weeks.

It is your pleasure, honourable senators, to adopt the amendment?

**Senator Denis:** Is the amendment available in French?

**Senator Roblin:** I am glad my honourable friend asked that question because I had the advantage of the advice of the Law Clerk of the Senate in drafting this motion, and as he was drafting it he was making a request for a French version to be available to the house. I do not have it in my hand, but I know it is in the course of preparation.

I think I can explain this amendment briefly. This is the one that puts into effect the two-tier system whereby unemployed people with dependants retain the benefit rate of 66⅔ per cent, whereas the beneficiaries of the system without dependants have their rate set at 50 per cent. That is the point we have been proposing in the last little while. And we are saying in addition that in the case of a family where there may be some question as to whether the husband or the wife is the one with the dependant relationship, the family may decide among themselves who is to be considered as the unemployed person with a dependant, provided, of course, that the two of them are unemployed at the same time, and a lot of other technicalities of that sort. It does, however, make provision which we hope will make it possible to deal with the question of whether the husband or the wife is the person with the dependants when making a claim.

The other thing that this resolution does is that it reduces to 50 per cent the rate of benefit that would be received by anyone who left his job by reason of misconduct or without just cause. That is the purpose of the amendment.

**Senator Thompson:** May I ask the honourable senator a question? When he was considering his amendment, did he look at the breakdown concerning the number of young people and women who will be affected by that single clause?

And may I make a suggestion to Senator Forsey concerning his reference to the Metropolitan Toronto Social Planning Report? It might be of interest to him to have the reaction of the Metropolitan Toronto Social Planning Report concerning this particular amendment. As I understood it, they condemned it roundly as being discriminatory against women and young people.

**Senator Forsey:** In response to that, may I say that I lent my copy of the Metropolitan Toronto Social Planning Report to the *Hansard* people, and I should not venture, especially after I was tripped up by Senator McElman on my recollections before, to quote from memory. My impression is that Senator Thompson is quite correct: They were opposed to it.

If I may, I will make my contribution now to the discussion of this amendment. I should much have preferred, and had we gone into the Committee of the Whole I should have tried, to move myself the amendment that was moved in the other place by Mr. Faour, my fellow countryman from Newfoundland, deleting clause 5 altogether and leaving things as they stand now. But rather reluctantly and as a second best, a pis-aller, I am prepared to support Senator Roblin's amendment, even though I have reservations about it for the reason that Senator Thompson has indicated.

**Senator McIlraith:** Question!

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

**Some Hon. Senators:** No.

**Some Hon. Senators:** Yes.

**The Hon. the Speaker:** Those in favour please say "yea".

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Those against please say "nay".

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion the "nays" have it. I declare the motion in amendment lost.

Shall the main motion carry?

**Some Hon. Senators:** Agreed.

**Senator Forsey:** Honourable senators, I should like to move an amendment. I am afraid I haven't got the motion written out, and I must try to do so in time, but I should like to move that the bill be not now read the third time, but that it be amended by deleting clause 4. I may mention that that is the clause dealing with the new entrants and re-entrants, and the amendment I am proposing is the one that was proposed in the other house by Mr. Clark of Vancouver, which I trust means that I shall have the support of my Conservative colleagues for this particular proposal.

**Senator Benidickson:** There are only two of them here tonight.

• (2120)

**The Hon. the Speaker:** It is moved by the Honourable Senator Lang, seconded by the Honourable Senator Cook, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Forsey, seconded by the Honourable Senator Marshall, that the bill be not now read the third time but that it be amended by deleting clause 4.

Is it your pleasure, honourable senators, to adopt the amendment in amendment?

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion the "nays" have it. I declare the motion in amendment lost. Is the main motion carried?

**Senator Forsey:** Honourable senators, I should like to say something very briefly on the main motion for the third reading. Had we gone into Committee of the Whole, it was my intention to move a number of amendments. I am now, of course, precluded from doing so. My desire would have been to move every one of the amendments moved in the other place by the NDP. I should have had mercy, however, on my colleagues and proposed merely three or four of them. I will just mention the ones I should have picked out.

First, clause 2, the new paragraph (h), the one dealing with people employed less than 20 hours a week or getting less than 30 per cent of the maximum weekly insurable earnings. I should have wished to have added to that a further paragraph (i):

> unless otherwise prescribed, paragraph (h) does not apply to an employee where the national unemployment rate that applies to him is greater than 4 per cent.

I should have liked also—although it would have been clearly out of order, because it would have been an amendment to the main act—to take a whack at the proposal which will now be embodied in the act to have both the existing paragraph (f) and the new paragraph (h). The new paragraph (h), in effect, gives the government power to do what it has already done by regulation and which it says it has the power to do under

paragraph (f) by regulation, define in any way it sees fit what is meant by "inconsiderable attachment" to the labour market or "inconsiderable earnings" or whatever the phrase is.

What they are doing now is to put in the new clause defining the "inconsiderable attachment" and giving a sort of retroactive blessing to the regulation of somewhat doubtful validity, and keeping also the old paragraph (*f*) so that they will have a double-barrelled shotgun and they will be able, by retaining the old paragraph (*f*), at some future date to pass a regulation—or so they claim, with the blessing of the glorious and ineffable Department of Justice—empowering them, enabling them, to cut the thing down to five hours or five minutes or five seconds if they want to, or 5 per cent, or 2 per cent, or one per cent of insurable earnings.

I should have liked to have a whack at that, but, as I say, it would have been clearly out of order as an amendment to the main act.

I should like also, I think, to have chosen from the rich storehouse of NDP amendments in the other place—and assuming that one of the other amendments I should have liked to propose had not carried, which I think I could safely have assumed—I am sure they would have been knocked down like ninepins; the domino effect would have been remarkable—I should have liked to propose the amendment which was proposed in the other place to safeguard the provision in collective agreements referring to the level of unemployment benefits, because a large number of collective agreements in this country, as some honourable senators may know and some may not, contain provisions for what they call supplementary unemployment benefits under the collective agreements. I think this was pioneered by the United Automobile Workers, and they are so drafted that they refer to the existing level of unemployment insurance benefits under the act; and unless there is some kind of safeguarding clause, this will be jeopardized and we shall have added to the already considerable grounds for industrial unrest in this country, and industrial difficulties and industrial disputes, a further ground quite gratuitous to my mind, and most unfortunate and highly undesirable.

However, we didn't go into committee, and I have my one attempt to get an amendment, and it has been shot down, as I expected, and I am precluded from doing anything further. I merely, however, wanted to register my strong view that a large number of these amendments are hardly desirable. In fact, in the other house the NDP proposed the deletion of 10 clauses entirely—I think clauses 7 to 15—and the Conservative Party, in the motion I have just moved, and which has just been defeated, proposed the deletion of another one.

I wanted to put that on the record simply to show that in spite of the slings and arrows of outrageous fortune, which I have been the victim of, my head remains bloody but unbowed.

**Senator Frith:** Honourable senators, on third reading I would just like to—

**Senator McElman:** I rise on a point of order before the honourable senator speaks. I may be entirely wrong, but it is my belief that the Honourable Senator Forsey was not precluded from putting his amendments, in a bucketful if he wished, when he finished speaking. I believe the rule is quite clear on that. Since he was speaking, he was in a perfect position to offer amendments so long as he did not take them one at a time. He may put his amendments in and have them dealt with by the house.

**Senator Roblin:** On the point of order, honourable senators, what an impossible position that would place Senator Forsey in. He would put in his bucket of amendments, as we have been told, but what would the house do? Give them consideration on their merits, one at a time? No such thing. It would be debarred from doing so, if my honourable friend is correct. We would be obliged to vote on the whole shooting match. Has anyone heard of a more astonishing proposition to a legislative assembly like this, that we should be invited to throw our resolutions in by the bucketful, and have them voted out by the bucketful? I think that the proper procedure, recognized in any parliamentary body ever heard of, is to deal with resolutions and amendments one at a time. You can throw them out one at a time if you like, but that is the proper way to do it. I must say that I cannot agree with Senator McElman's suggestion.

**Senator McElman:** On the point of order that I raised, honourable senators, if the Honourable Senator Roblin, or any other honourable senator, wished to see the procedure in practice, all he had to do was attend, as I did last evening, the House of Commons, where that procedure was followed, and where I heard no protest from any party, including his own. The amendments were put in in groups, and were dealt with individually by the house. The Speaker brought them on one by one, and they were dealt with one by one. The amendments, however, were brought in in large numbers.

**Senator Roblin:** Well, honourable senators, on the same point of order, it is perfectly clear that my friend is talking about something that took place in the Committee of the Whole, not at the third reading stage.

**Senator Forsey:** At the report stage.

**Senator Roblin:** At the report stage, rather. It was not on third reading. If one will peruse the *Hansard* of the other house, one will see that there transpired a lengthy discussion as to how this thing would be done. There were, I think, 30 different resolutions in connection with amendments that were printed in *Hansard*, and they were considered by the Speaker in order to combine the ones that said the same thing or were related. He therefore took the ones that were related and combined them, in consultation and by agreement. Now, that is perfectly sensible, but it is a quite different thing from what I understood my honourable friend's suggestion to be.

**Senator McElman:** I would simply like to say that very often in this house, since I have been here—that is, for a period of 12 years or more—the rules have been made available, perhaps in a form that was not intended, to make things easier for senators to achieve the dedicated purpose they have in mind. I rose tonight because of my feeling of goodwill at the

Christmas season, and to see if that same feeling prevailed this evening. If it is not the wish of some honourable senators that it should so prevail, then that is nothing to me.

**Senator Forsey:** On the same point of order, honourable senators, I think I am correct in saying that the procedure in the other house took place on the report stage, yesterday. The third reading stage, I think, came today. Further, the procedure of the other house is under a specific rule which exists in that body and which, as far as I know, does not exist here.

• (2130)

To cut the whole thing short, I think it would be futile now, even if Senator McElman's very kind, generous and magnanimous suggestion were accepted, for me at this hour to take up the time of the house putting forward three or four amendments which would simply be knocked on the head so fast that the quickness of the hand would deceive the eye.

**Senator McElman:** I have never known my honourable friend to give up so easily.

**Senator Frith:** Honourable senators, before the question is put, there is one thing which I think is important to be put on the record. At third reading a good deal of very eloquent and skilfull rhetoric, worthy of the Roman Senate itself, was brought to bear by Senator Forsey and Senator Roblin on the question of why we were not considering this bill in Committee of the Whole. This is not damning with faint praise; on the contrary, it is sincere praise for eloquence. However, all that both Senator Roblin and Senator Forsey said boils down to: "It is true that you have considered all these things in a committee prior to coming here; it is true that we could have moved all our amendments in committee, but for certains reasons"—which turned out to be not quite so good in the case of Senator Forsey; no doubt Senator Roblin had very good reasons for not attending the committee meetings—" we did not move all our amendments in committee, so even though the committee worked for three solid weeks, would you mind, please, doing it all over again?" That is all it comes down to.

**Senator Forsey:** Neither of us were members of the committee, and neither of us could have moved a single amendment.

**Senator Roblin:** I rise on a question of privilege, because it has been said that I could have moved my resolution in the committee. I think on reflection senators will agree that was not the case. I am not a member of the committee.

**The Hon. the Speaker:** It is moved by the Honourable Senator Lang, seconded by the Honourable Senator Cook, that this bill be now read the third time.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** In my opinion the "yeas" have it.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

Motion of Senator Lang agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Anderson | Lamontagne |
| Benidickson | Lang |
| Bonnell | Lewis |
| Bosa | McDonald |
| Connolly (Ottawa West) | McElman |
| Cook | Molgat |
| Fournier (Restigouche-Gloucester) | Perrault |
| Frith | Petten |
| Graham | Riley |
| Lafond | Thompson—20. |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Bird | Fournier (Madawaska-Restigouche) |
| Choquette | Marshall |
| Forsey | Roblin—6. |

**Senator Riley:** Honourable senators, I would point out that my good friend, Senator Choquette, was not in his seat when he voted.

**Senator Choquette:** I hope I did not spoil the result. I knew perfectly well that I was not in my seat, but I have a sore foot and I asked permission to sit as close to the door as was possible.

**The Hon. the Speaker:** I declare the motion carried.

Motion agreed to and bill read third time and passed, on division.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication has been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 22, 1978

Madam,

I have the honour to inform you that the Honourable Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor

General, will proceed to the Senate Chamber today, the 22nd day of December, at 10.05 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

• (2140)

## ADJOURNMENT

Leave having been given to revert to Notices of Motion:

**Senator Perrault:** Honourable senators, I move, seconded by the Honourable Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, January 23, 1979, at 2 o'clock in the afternoon.

May I say that if this motion is supported by honourable senators, I want to express, on behalf of the government supporters in the chamber, the hope that all senators have a useful and constructive break and will return to the Senate on that day with renewed energy and vigour to complete the multiplicity of tasks that will be before us in the next six months—and a happy Christmas to all!

**Senator Roblin:** Honourable senators, although I claim to lead nobody but myself in this chamber, I trust that some of my colleagues on this side, at any rate, will allow me the privilege of thanking my honourable friend for the good wishes he extended to all members of this house and to say that we certainly intend to take his sound advice and deal with the very difficult and controversial matters we expect to confront us when we come back.

I do thank him and all other senators for their good wishes for the holiday season, which we all heartily reciprocate, I am sure.

**Senator Bonnell:** Honourable senators, before we break I want to pass on a message I have received from my friend the Honourable Senator Willie Adams of the Northwest Territories, that one of his constituents wants to wish everyone a Merry Christmas and a Happy New Year—a fellow by the name of Santa Claus.

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

The Senate adjourned during pleasure.

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At 10.10 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Unemployment Insurance Act, 1971.

An Act to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand.

An Act to amend the Canada Business Corporations Act.

An Act to amend the Criminal Code.

An Act to revive J. H. Poitras & Son Ltd.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, January 23, 1979, at 2 p.m.

# THE SENATE

**Tuesday, January 23, 1979**

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

Prayers.

## THE GOVERNOR GENERAL

### ADDRESSES AT INSTALLATION

**Senator Perrault:** Honourable senators, I ask that the address of the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, P.C., at the Installation of the Right Honourable Edward Richard Schreyer, P.C. as Governor General of Canada on January 22, 1979, together with the reply of His Excellency the Governor General thereto, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

**Senator Grosart:** Honourable senators, I am not sure whether the Leader of the Government named a seconder for his request. If not, I would naturally be pleased to second the request. I am sure that all honourable senators who were here, and others who may have watched the ceremony on television, will have been most impressed with both the speeches that were made on that occasion.

**Senator Perrault:** I know that all honourable senators appreciate the generosity of spirit which has prompted the offer made by the Acting Leader of the Opposition.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of addresses see appendix*]

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Department of Agriculture for the fiscal year ended March 31, 1978, pursuant to section 6 of the Department of Agriculture Act, Chapter A-10, R.S.C., 1970.

Capital Budget of Air Canada for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-3802, dated December 14, 1978, approving same.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, dated December 27, 1978, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The St. Boniface General Hospital and its organized nurses represented by Local 5 of the Manitoba Organization of Nurses Association.

2. Sacred Heart Home and its support staff represented by C.U.P.E. Local 1588.

3. The Township of Gloucester and its employees represented by the Gloucester Police Association.

4. Regional Municipality of York and its employees in the professional engineers and superintendent group, the branch heads group, and the clerical, supervisory and foremen employees.

Report of the Department of Indian Affairs and Northern Development for the fiscal year ended March 31, 1978, pursuant to section 7 of the Department of Indian Affairs and Northern Development Act, Chapter I-7, R.S.C., 1970.

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1978, pursuant to section 6 of the Department of State Act, Chapter S-15, R.S.C., 1970.

First Report on operations under the Cultural Property Export and Import Act for the period from September 6, 1977, to March 31, 1978, pursuant to section 46 of the said Act, Chapter 50, Statutes of Canada, 1974-75-76.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1978, pursuant to section 747 of the Canada Shipping Act, Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

## TRANSPORT

### TRAIN SERVICE BETWEEN NEW BRUNSWICK AND MONTREAL—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have replies to a number of questions asked before Christmas. I must apologize for the problems that arose which made it impossible to answer these questions in 1978, but we on this side are determined to present answers with greater alacrity.

The question asked on November 30, 1978, by Senator Riley related to train service between New Brunswick and Montreal. He stated that there were persistent rumours that the train schedule between Saint John and western New Brunswick and Montreal was to be changed in order to eliminate the convenience of the present schedule.

The issue, it has been determined, is that the Canadian Transport Commission is reviewing maritime rail passenger service in preparation for issuing a Preferred Plan and a Final Plan for Eastern Transcontinental Passenger Trains. I would point out that the plans are designated as the Preferred Plan and the Final Plan.

The background is that the Canadian Transport Commission held public hearings in the maritimes and Quebec from May, 1977, to July, 1977, regarding the Eastern Transcontinental Passenger Train Service.

A summary of evidence document was issued by the CTC in January of 1978. The CTC has reviewed the evidence presented at the hearings and has issued what it describes as a Preferred Plan. Comments on this Preferred Plan will be received and considered by the commission before a final plan is issued.

I hope that is now clear to honourable senators.

REDUCED AIR FARES WITHIN CANADA—QUESTION ANSWERED

**Senator Perrault:** On December 13 last Senator Olson asked a question with respect to reduced air fares that, he said, "were instituted in Canada during this past season, some by way of charter and some by other arrangements, that provided Canadians with cheaper travel within Canada." On December 20 he asked the following supplementary question:

> I am wondering whether the government leader would include in his communications to the officials he mentioned the suggestion that a reduced air fare from some of the outer extremities of Canada to Ottawa ought to be put in place, thereby making it economically possible for all Canadians to visit their capital at least once a year.

Honourable senators, the government firmly supports the continued expansion of low-fare opportunities for air travel in Canada, in keeping with its desire to encourage Canadians to see their country.

In 1978, the number and variety of reduced air fares available to Canadians was greater than ever before. Advanced Booking Charters, popularly known as "ABCs", were actively encouraged by the Minister of Transport and made available for the first time domestically.

Charter Class Canada fares were again offered by major scheduled airlines, with Air Canada and CP Air providing some 227,000 return seats in the summer of 1978, almost three times their offering for the same period in 1977. The new Air Canada domestic Nighthawk service and CP Air Courier Jet service provided late night flying at greatly reduced fares.

Allow me to offer an illustration of how these low-fare programs have benefited the traveller wishing to fly in Canada. The regular economy fare for a round trip between Toronto and Vancouver in July 1978, a month when the number of air travellers is at a peak, is $402. By comparison, the same trip on an ABC could have been taken for only $199, a saving of over 50 per cent of the economy fare. The corresponding Charter Class fare was $232, or a reduction of 42 per cent from the economy rate. The identical trip could have been performed on the Nighthawk or Courier Jet services for the price of $202, equal to a 50 per cent discount from the economy fare. Together these various options for low-cost air transportation represented a major improvement in the opportunities for discount air travel within Canada.



It should be pointed out to honourable senators, that while these programs were generally very successful, the available seats were not always used, not only in the off-peak period but also in the summer.

I understand that in 1979 all the low-fare programs will again be significantly expanded. As honourable senators know, the Canadian Transport Commission recently convened an open meeting to review the results of these programs in 1978, with special reference to the possible need for further adjustment of the regulations applying to the operation of ABCs. At this meeting, testimony by air carriers and tour operators indicated that substantial increases in the capacity of these programs are planned for 1979.

I trust that honourable senators will agree that these prospects augur well for the continued success of low-fare programs for air travel in Canada, and emphasize the government's commitment to continue to encourage such opportunities.

VIA RAIL—QUESTION ANSWERED

**Senator Perrault:** On November 28 Senator Riley asked a question with respect to the policies of VIA Rail. I have been provided with an overview of Transport Canada's Railway Passenger Development Program in order to provide the general information requested by Senator Riley. I am prepared to make this rather long document available privately to Senator Riley, or ask that it be appended to today's proceedings, if that is his desire, because it will take a long time to read it. It describes the most significant elements of the VIA Rail relationship with Transport Canada and the other railway companies. The information contained in this document should satisfy Senator Riley.

VIA Rail is responsible for planning, marketing and managing of passenger services. Its promotional initiatives on radio and television, in newspapers, and through the Commonwealth Games and Loto Canada, are intended to encourage passenger travel by rail.

• (1410)

VIA Rail has been making use of CN and CP marked material and supplies. It is expected that they will continue to do so until such time as a full transition to the VIA logo has been achieved. To do otherwise would, in the view of the Canadian Surface Transportation Administration, be a waste of expensive materials.

## STUDENT LOANS

NEWSPAPER ARTICLE—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 21 last, Senator Buckwold asked a question respecting an alleged

default on government guaranteed loans provided to students. The information requested by Senator Buckwold has been provided to him in writing. Some of the figures supplied as a result of inquiries which went forward may be of interest to honourable senators.

The position as of October 31, 1978, with respect to the 55,000 students to whom Senator Buckwold referred in his question, is as follows: Number of those who have repaid in full, 19,800, or 36 per cent; number of those who are in the course of payment or who have justifiable reason for non-payment at this time—and a justifiable reason might be, for example, that they are unemployed—25,300, or 46 per cent; number of those whose cases have been passed to the Department of Justice for judgment action, 6,000, or 11 per cent; number who have not yet been located, 1,700, or 3 per cent; and number of those whose accounts have been written off for medical reasons, 2,200, or 4 per cent.

## FISHERIES

### RESEARCH LABORATORY, HALIFAX—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 1 last, Senator Smith (Colchester) inquired as to the present status of plans to discontinue the federal fisheries research laboratory in Halifax.

As announced on December 21, 1978, the Fisheries Technological Laboratory in Halifax will remain open.

**Senator Marshall:** That was known three months ago.

**Senator Perrault:** Such good news bears repeating.

## CONSUMER AND CORPORATE AFFAIRS

### STATEMENT BY MINISTER—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on November 28, 1978, Senator Olson asked a question respecting an alleged statement by the Minister of Consumer and Corporate Affairs "to the effect that we are seeking to import beef from areas in respect of which our health of animals regulations would have prohibited such imports to date because of problems associated with foot and mouth disease, and that sort of thing."

In reply to the honourable senator's question, the Minister of Consumer and Corporate Affairs has never suggested importing beef from areas which do not meet our health of animals regulations. The minister has suggested increasing the imports of low-quality beef from those countries already exporting such meat to Canada.

## TRANSPORT

### VIA RAIL—SUPPLEMENTARY QUESTION

**Senator Forsey:** Honourable senators, arising out of the two questions put by Senator Riley, I wonder if any kind of pressure can be brought to bear—not improperly, of course—to straighten out some of the operations of VIA in Saint John, New Brunswick.

On returning to Montreal from Saint John recently, I wanted to take the train over the CPR line. I called VIA at the number given in the telephone book and requested a bedroom on the night train to Montreal. I was asked to wait and after a bit they said, "The train that leaves at 8.20 p.m.?" That did not accord with my recollection, and I said "Oh." They said, "You want to go by Moncton, don't you?" and I said, "No, no, no, I don't want to go by Moncton." They then said I would have to call CP Rail, and that rather took me aback. I should have thought that when you called VIA Rail now you would get information about any train run by VIA Rail. I should have thought they simply would have asked whether you wanted to go by the CP line or the CN line, by Moncton, or direct. But instead of that I got this curious sort of thing.

When I got to the CPR station—away off from the centre of town as they are so often nowadays—I found that they seemed extraordinarily vague about the whole business of VIA, and they seemed extraordinarily vague also, I might add, about Senate passes. Apparently this was a new breed of animal for them. However, eventually I got it all arranged. But if that chap in the VIA Rail office had not suddenly said, "Oh, well, of course, you want to go by Moncton," I would probably have found myself in Montreal, not the next morning, as I wanted to be, and had to be, but away on in the next afternoon.

It seems to me that this thing could be tidied up in some way so that anybody calling VIA Rail would get the information about VIA Rail and not just this kind of runaround from one place to another. They were all very polite, and I do not mean to suggest any discourtesy, but the thing was quite needlessly elaborate, to say the least, and I have no reason to suppose that what befell me may not befall other people as well.

I don't know whether Senator Riley will back me up on this, but I rather suspect he might.

**Senator Perrault:** Honourable senators, I know that officials of VIA Rail are consistent readers of the proceedings in this chamber and will benefit from the guidance which they have received from two honourable senators.

## GRAIN

### DELIVERY TO EXPORT POSITIONS—QUESTION

**Senator Olson:** Honourable senators, I have a question arising out of a meeting held recently in Winnipeg dealing with the attempt to increase our capability to deliver grain to export positions. I should like to ask the Leader of the Government if an agreement has been worked out between the provincial governments, who made some offers, the federal government, the railways and the grain companies, by which we can increase our exports and our capability to deliver grain to export positions, especially those on the west coast, and more specifically the port of Prince Rupert?

**Senator Perrault:** Honourable senators, the question will be taken as notice.

## BUSINESS OF THE SENATE

QUESTION

**Senator Grosart:** Honourable senators, may I direct a question to the Leader of the Government about the business that may be coming before us? I ask this question because there have been indications that what has come to be known as "the order of government business" in the other place has been changed from what was announced before the recess. Could he give us any information as to the likely order in which bills will be coming to us in the next few weeks?

**Senator Perrault:** Honourable senators, I hope to have information which I am able to discuss with the Deputy Leader or the Leader of the Opposition tomorrow. I was in communication with the house leader in the other place an hour ago, and was told that a final determination has not been made. However, there should be some information forthcoming in the next few hours.

## TRANSPORT

VIA RAIL—BAGGAGE CHECKING—QUESTION

**Senator Riley:** Honourable senators, may I direct a question to the Leader of the Government referring to VIA Rail? Is there any reason why one cannot check one's baggage from Saint John through to Ottawa. One has to pick it up at Montreal, take it over to the CN station, and then recheck it to Ottawa. We should keep in mind that Ottawa is the capital of the country.

● (1420)

**Senator Perrault:** I am not in a position to provide definitive replies to questions respecting VIA Rail.

## THE CONSTITUTION

POSSIBLE REINTRODUCTION OF AMENDING LEGISLATION—QUESTION

**Senator Asselin:** Can the Leader of the Government in the Senate inform us whether the government will reintroduce Bill C-60 during this session? If so, when?

**Senator Perrault:** Honourable senators, I am not in a position to provide a complete reply to that question at this time. However, I would not expect Bill C-60 to re-emerge in the form in which it was considered by Parliament during the last session.

## HONOURABLE MAURICE BOURGET, P.C.

FELICITATIONS ON RETURN TO CHAMBER

**Senator Perrault:** Honourable senators, I take this opportunity to comment that it is good to see so many honourable senators present and restored to good health and buoyant spirits after the recess.

We are particularly delighted to have with us one of our colleagues who has not been here since December 1, and who has gone through a siege in hospital. I refer, of course, to the highly respected Honourable Maurice Bourget.

**Senator Langlois:** And he looks well too.

## TRANSPORT

AIR CANADA'S AIRVELOP SERVICE—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 2—**By Senator Marshall:**

1. Why are the Provinces of Newfoundland and Prince Edward Island excluded from Air Canada's AIRVELOP service?

2. Can the Passport Office in Ottawa use AIRVELOP to mail a passport on an emergency basis to citizens of Newfoundland or Prince Edward Island at a cost of $8.00, as can be done in all other provinces, or do they have to use Expedair at a cost of $44.00?

*Reply by the Minister of Transport:*

The management of Air Canada advises as follows:

1 and 2. The Provinces of Newfoundland and Prince Edward Island are not excluded from Airvelop service. The product provides services between any points served by Air Canada within Canada, including St. John's, Gander, and Stephenville, Newfoundland, and Charlottetown, Prince Edward Island.

## NEWFOUNDLAND

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 3—**By Senator Marshall:**

1. How much money was provided under the Summer Job Corps Program of the Federal Government Direct Employment Strategy (Department of Employment and Immigration and CMHC), for six students in the Port au Port Peninsula to assist potential R.R.A.P. clients in becoming aware of the R.R.A.P. Program?

2. How many citizens were interviewed and how many were assisted to make applications for R.R.A.P.?

3. How many homes were visited in the study of housing conditions to determine those who would be eligible for R.R.A.P.?

4. What information was received by the students employed on the land availability projects from (a) municipal councils and (b) the municipal planning division of the Newfoundland Department of Municipal Affairs and Housing, on (i) Corner Brook, (ii) Deer Lake, and (iii) Stephenville?

*Reply by the Minister of State for Urban Affairs:*

I am advised as follows by Central Mortgage and Housing Corporation:

1. An initial budget of $8,435 was provided for the Summer Job Corps project, "Housing Stock Rehabilitation in Small and Remote Communities", employing six

students in the Port au Port Peninsula to help potential RRAP clients become aware of the RRAP program. Of this, $7,860 was spent.

2. Approximately 800 householders in the Port au Port Peninsula were visited by the students, who outlined the Program to the homeowners and pointed out its benefits. RRAP brochures were distributed, and homeowners who expressed an interest in applying for RRAP assistance were referred to CMHC's delivery agent for the area, Newfoundland and Labrador Housing Corporation.

3. More than 120 RRAP applications were given to the students by NLHC, to determine priorities for immediate inspection and approval.

4. (a)(i) The City of Corner Brook provided access to the assessment rolls which gave information as to the owner of the land, the appraised value, and land size. Information on the zoning bylaws, and large scale maps of the City including maps of water trunk lines, was also supplied.

(a)(ii) The Town of Deer Lake provided information on zoning bylaws, water lines, roads and other municipal services.

(a)(iii) The Town of Stephenville provided access to the assessment rolls which gave information as to the owner of the land, appraised value, and land size. The town also provided information on zoning bylaws and large scale maps of the town.

(b) The municipal planning division of the provincial Department of Municipal Affairs and Housing provided the following information:

(i) Corner Brook—Municipal Planning Area Boundary Maps.

(ii) Deer Lake—Municipality and Municipal Planning Area Boundary Maps, zoning and water and sewer maps.

(iii) Stephenville—Municipality and Municipal Planning Area Boundary Maps and zoning plan.

## CANADIAN BROADCASTING CORPORATION

TELECAST OF WORLD CUP SOCCER GAMES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 9—**By Senator Bosa:**

1. Was the CBC offered free of charge by O.T.I. (Organisation de la Télévision Ibero Americana), and Mascia Enterprises Ltd. to telecast 10 World Cup Soccer Games, which included 4 semi-final games, and the right to replay the final game two weeks after it has been played?

2. Was this offer supposed to have been exercised before September, 1977?

3. Why did the CBC not accept the offer?

4. Has the CBC any information regarding the extent to which Canadians would have watched the games in question if they had been shown on its network?

5. What role did Mr. Eric King play in this matter?

6. Is the CBC contemplating a different approach to securing the rights of telecasting the next World Cup Soccer Games?

*Reply by the Secretary of State of Canada:*

I am informed by the Canadian Broadcasting Corporation as follows:

1. No. OTI solicited a bid from CBC but awarded North American television rights to Magnaverde of New York. Mascia Enterprises did not, to the CBC's knowledge, offer any games free of charge.

2. Not applicable.

3. Not applicable.

4. CBC has no information regarding the extent to which Canadians would have watched the games if they had been shown on CBC television.

5. Mr. Eric King, the executive director of the Canadian Soccer Association, tried to persuade the CBC's program officers to obtain World Cup games.

6. The approach to obtaining future World Cup games is not in the CBC's hands. The Fédération Internationale de Football Association (FIFA) will decide how the games will be made available to North America and, if its decision is to place them on the same basis as 1978, the CBC will submit what it considers a fair bid.

## TRANSPORT

APPLICATIONS FOR POSITIONS AS STEWARDS AND STEWARDESSES WITH AIR CANADA—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 30—**By Senator Marshall:**

1. How many applications were received by Air Canada for positions as stewards (male and female) by province in 1977?

2. How many were accepted and how many were turned down?

*Reply by the Minister of Transport:*

The management of Air Canada advises as follows:

1 and 2. British Columbia—1,050; Alberta—430; Saskatchewan—154; Manitoba—539; Ontario—4,049; Quebec—2,753; New Brunswick—174; Nova Scotia—295; Prince Edward Island—13; Newfoundland—81. None were hired in 1977.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I would yield to the Honourable Senator Godfrey.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. John Morrow Godfrey:** Honourable senators, my main purpose in speaking in this debate is to discuss the question of entrenchment of a Bill of Rights in the Constitution. I want to make it perfectly clear at the outset that I am in favour of a Bill of Rights in the Constitution which will take priority over, and have an overriding effect on, other non-constitutional legislation. It is only the matter of entrenchment that I want to raise questions about.

Before dealing with this question, I should like to comment on a proposal made by Senator Austin when he spoke in this debate on December 14 last. I thought Senator Austin made an absolutely first-class contribution to this debate with his scholarly and thoughtful speech, but I would comment on his suggestion that senators be indirectly elected by proportional representation by being placed on lists prepared by the Prime Minister and the leaders of each of the officially recognized national parties which would be issued on or before the closing date for the nomination of candidates in a federal general election.

I do not want to go into my own ideas as to how and by whom senators should be appointed. I have been active in the deliberations of the Special Senate Committee on the Constitution. My own ideas, which even now are somewhat flexible, I have made known in the committee meetings which have been held *in camera*. In my opinion, the appropriate time for me to debate my own specific ideas for Senate reform is in the debate on that committee's report on the subject, which I hope will not be too long delayed. What we are debating here is the first report of the Special Committee of the Senate on the Constitution and that report, except that it approves the proposal in Bill C-60 to "allocate 14 additional seats in the second chamber, 12 of which will go to the provinces in western Canada," does not make any specific proposals for Senate reform. It does, of course, discuss at some length the concept of a second chamber and the proposal for a House of the Federation contained in Bill C-60.

To return to Senator Austin's proposal, he developed, I thought in a very persuasive and convincing fashion, the concept of the Senate as a political judiciary. To indicate his thesis I should like to quote from page 370 of Senate *Hansard*. He said:

> —if it is the responsibility of the upper chamber to defend the nation from the will of a capricious executive which controls a tame lower house, then the members of the upper chamber must themselves be protected from, and independent of, the will of the executive.

I prefer Senator Austin's suggestion that the Prime Minister and the leaders of the other parties announce their list in order of preference at the time of or before the official nomination day, to the provision in Bill C-60 that the nominations to the Senate by the party leaders be made after the election. This would certainly give the Senate a bit more credibility than the procedure provided for in Bill C-60. The Senate could claim more of a political power base because the nominations by the respective leaders would be, in varying degrees, an issue in the election. I would presume that the party leaders would want to minimize the issue by nominating high calibre persons.

However, my first reaction to Senator Austin's proposal, when he outlined it in committee, was that it would make the members of the Senate as tame as the members of the House of Commons because they would worry about being excluded from the party list at the next election if they opposed their party's policies in the Senate. Senator Austin took care of that in his speech in this house by providing that each senator elected would have the right to be given the same priority on the party list for subsequent elections taking place within a stipulated period, and he suggested 10 years.

One further comment that I should like to make in the same area is that unless a senator was at or near the top of his party's list, he would have a direct personal interest in the outcome of elections, and that might tend to make him more partisan, which would, of course, be contrary to Senator Austin's "independent judiciary" theory of the role of the Senate.

While I believe that this house is a political body, and there is nothing wrong with members being politically oriented towards one of the political parties, that does not mean that they should be highly partisan in that respect. Let us not kid ourselves, however. The fact is that many senators, including myself, are party partisans in varying degrees. It is only being highly partisan that I deprecate, and I personally have made a conscious effort not to be so. Furthermore, I have rarely seen even a hint of party partisanship during committee meetings. There is certainly a degree of predictability in the approach which many senators take toward issues that are raised in committee from time to time, but that, in my opinion, is because of where their fundamental philosophical convictions lie in the political spectrum rather than in their loyalty to any particular political party.

Senator Austin performed a useful service in describing—and I quote him—"the present theoretical basis for the Senate." My concern that having a direct personal interest in the outcome of an election might tend to make senators more partisan is probably, I must confess, just about as theoretical as Senator Austin's description of the basis for the Senate.

Many senators who are supporters of political parties in this chamber are just as keen to have their particular party win the next election as they would be if their own continued presence in this chamber depended upon it. Certainly I will work as hard as I can for the return of the present government, as will my good friend, Senator Flynn, for its defeat, although by doing so I will be working for the return of a government which, if it gets its way, will force my own premature retire-

ment as a senator by abolishing the Senate. One cannot be much more loyal to a party than that.

I have one last comment on Senator Austin's remarks about the Senate and its role as a "political judiciary." While I am in complete accord with him as to the concept, I was not too impressed with some of the actual examples he used to show that the Senate had performed this function in the past in order, in his words, "to defend the nation from the will of a capricious executive." Certainly the Coyne affair is a good example. But what has the investigative work of the Standing Senate Committee on Agriculture and its study of Kent County, or the work of the Special Senate Committee on Poverty in Canada, got to do with a capricious executive? What has the work of the other committees referred to got to do with it, either? Their work was extremely valuable, generally speaking, in making technical revisions to legislation which the government, for the most part, accepted gratefully when they were shown where they had erred. But, really, it is stretching it a bit to claim that in some of those cases the Senate was defending the nation from the will of a "capricious executive," and I really do not think that it helps the Senate's cause to make claims which do not stand up under close scrutiny.

● (1430)

Now I come to what I really wanted to speak about, namely, the question of entrenching a Bill of Rights in the Constitution.

First of all, what is meant by entrenching a Bill of Rights in the Constitution? I am sure all honourable senators know what "entrenchment" means. However, like Senator Austin, I want to address my remarks to the general public as well as to those persons, including members of this chamber, who are familiar with this subject.

Entrenching something in the Constitution simply means that that part of the Constitution cannot be amended by an ordinary act of Parliament or a provincial legislature, but can only be amended or repealed by following a more complicated or more difficult procedure, which is provided for in the Constitution and usually referred to as an amending formula. The Senate committee's first report did point out that the effect of entrenchment could not be fully assessed until an amending formula was agreed upon, and, of course, until there was an amending formula there would be no entrenchment. We are, therefore, considering this question of entrenchment a bit in the dark at the present time, though that should not preclude discussion of the general principle.

In some circles, when you talk about entrenchment of a Bill of Rights in the Constitution you are talking about the equivalent of motherhood. I must confess that when the committee started its hearings I had been brainwashed over the years to the extent that I simply took it for granted that, of course, a Bill of Rights should be entrenched in the Constitution. It was the evidence of two witnesses on the subject, Professor Walter Tarnopolsky and the Honourable J. C. McRuer, a former Chief Justice of the High Court of Ontario, that started me questioning my views on this subject.

As I have defined for the benefit of the general public what "entrenchment" means I think it might be useful, before I discuss the question of entrenchment, to say what a Bill of Rights is supposed to accomplish. Professor Tarnopolsky says that what a Bill of Rights is all about is expressed in clause 4 of Bill C-60, dealing with the stated aims of the Canadian federation, where it says:

> —and to ensure, as well, that neither the power of government nor the will of a majority shall interfere in an unwarranted or arbitrary manner with the enjoyment by each Canadian of his or her liberty, security and well-being.

Obviously, on the surface it would appear that the only way you can control the power of government to have legislation enacted which would interfere in an unwarranted or arbitrary manner with an individual's enjoyment of his liberty, security and well-being would be to have a Bill of Rights entrenched in the Constitution. However, it is not quite that simple. The United States had an entrenched Bill of Rights, while Canada had no Bill of Rights at all, during the last war. That did not help or protect the Japanese-Americans, however, because their fundamental political, civil and legal rights and freedoms, which a Bill of Rights is supposed to protect, were encroached upon, and they were treated just as badly by the United States government as the Japanese-Canadians, who were not protected by a Bill of Rights, were by the Canadian government.

What Professor Tarnopolsky told the committee was that what was important was whether or not a Bill of Rights had an overriding effect on legislation enacted subsequent to the enactment of the Bill of Rights.

Would subsequent legislation be subject to the terms of a Bill of Rights? Professor Tarnopolsky points out that the *Drybones* case in the Supreme Court of Canada does not go that far, because the provision in the Indian Act, which was being considered, preceded the enactment of the Canadian Bill of Rights. There were statements by individual judges in that case, and in later cases, which said that the Canadian Bill of Rights did apply to subsequent legislation, but all these statements were *obiter*, and not binding upon the court, so that there still exists some possible doubt.

At page 4:14 of the committee's proceedings Professor Tarnopolsky is reported as saying:

> —with us the supremacy of Parliament has been around long enough and is strong enough that the principle of Parliament being able to amend any prior statute is too ingrained. The only limitation on that rule—that is, that a subsequent act of Parliament can override a previous act of Parliament—I think arises out of the constitutional status of the previous act.

He argues that the mere fact of formally placing a Bill of Rights in the Constitution, whether it is entrenched or not, would be sufficient to convince a possibly reluctant Supreme Court of Canada in the future that it has the same primacy that any other part of the BNA Act has been given in the past,

and would, therefore, have an overriding effect on and prevail over subsequent legislation that might be inconsistent with it.

The effect, therefore, would be that unless the Bill of Rights in the Constitution were specifically amended as a constitutional amendment, all legislation, either prior or subsequent, would be subject to the Bill of Rights and no law would have any effect that was contrary to the principles enunciated in the Bill of Rights.

I would now like to discuss the evidence given before the committee by Mr. McRuer. Besides being a former Chief Justice, Mr. McRuer was, in 1964, appointed head of the Ontario Law Reform Commission and the Royal Commission inquiry into civil rights in Ontario and issued a report on "A Bill of Rights for Ontario".

His evidence was most interesting and particularly persuasive because his views on the subject obviously came from vast experience and knowledge and profound thought on the subject. By any standard it was a most impressive performance, but particularly so when one realized that Mr. McRuer is 87 years of age.

I would like to quote from Mr. McRuer's testimony before the committee. At page 6:28 he says:

> It has been the history of entrenched bills of rights that the courts have distorted the language of such a bill to give it entirely different meanings . . . I do not think that judges are the best interpreters for the purpose of legislating what is meant by general language.

He says later, at page 6:29:

> I am sure that if the proposed Charter of Human Rights were adopted the provinces would lose large areas of their legislative power, and the provinces would be very foolish to consent to the entrenchment of the proposed bill. We do not know what social conditions will be 10, 15 or 20 years hence. I have seen social conditions change a great deal. After all, we are a democracy, where legislative power is exercised by those who have authority to exercise it. It should not be delegated to the judges, who are not responsible to the people. When I say that I am not casting any reflection whatever on the integrity of the judges. All I say is that the legislative power should be in the hands of those who legislate.

Mr. McRuer, at page 6:30, goes on to say:

> Those who favour entrenchment seem to have an idea that they would get better decisions from the courts if the rights were entrenched. Time and again it has been said that the way the Supreme Court of Canada has dealt with cases arising under the Bill of Rights has been unsatisfactory. It would be that much worse if they were entrenched, because if the Bill of Rights is not entrenched and is not satisfactory, amend it and get it right. But you then have the guidance of what the court has held it does not apply to. If it is in the public interest to correct the court's decision, that can be done by Parliament or the legislature. My view is that an adequate and proper Bill of Rights is the proper selection, and entrenchment, especially without knowledge of the amending formula, would be an exercise in speculation as to whether it would be beneficial or detrimental to the rights of the individual.

[Senator Godfrey.]

Professor Tarnopolsky, in his evidence at page 4:30, pointed out that many people are opposed to an entrenched Bill of Rights because of the experience in the United States where the Supreme Court there held from the 1890s to 1937 that minimum wage laws, maximum hour laws, and child protection laws were invalid because they were in contravention of the due process clause in the American Bill of Rights.

In another well-known constitutional case involving civil rights the Supreme Court of the United States, in the *Dred Scott* decision of 1857, declared slaves to be property with no right as citizens, which decision, it is generally agreed, helped start the Civil War.

As Mr. McRuer pointed out, there has been considerable criticism of the decisions of the Supreme Court of Canada with respect to our present Bill of Rights. Many of these decisions, which reflect the majority's lack of enthusiasm for a Bill of Rights, were made possible by faulty drafting of the present Bill of Rights. This is corrected in the proposed Bill of Rights contained in Bill C-60. However, experience in both Canada and the United States certainly tends to support Mr. McRuer's argument that a Bill of Rights should be amendable in the ordinary way so that interpretations by the courts which Parliament does not think reflect the intent of the Bill of Rights can be easily corrected. That does not mean that Parliament will act in an arbitrary way in amending a Bill of Rights that is in our Constitution.

From a practical point of view I am sure that any government would be very loath to amend a Bill of Rights to change an interpretation made by the courts unless it was convinced that public opinion was very strongly behind it. Let us not forget that the English Bill of Rights is an ordinary statute passed in 1689 which can be amended by an ordinary statute, but which has never been specifically amended although laws in contravention of it—for example, gun control laws—have been enacted.

Although the combined effect of the evidence of Professor Tarnopolsky and Mr. McRuer had persuaded me that entrenchment was not really necessary, I was by no means free from doubt so that I did go along with the consensus of the Special Senate Committee on the Constitution, and I did vote for entrenchment.

● (1440)

What has happened since to make me decide to make this speech and reverse the position I took in the committee of going along with the majority? Senator Austin's concept of the Senate as a political judiciary had some influence, but the greatest consideration was the attitude of the provinces on the question, expressed at the Dominion-Provincial Conference on the Constitution. To put it bluntly, they were against it. I think that this is one area where I believe compromise by the federal government is in order. In fact, in order to get agreement with the provinces on a Bill of Rights I would go as far as agreeing

to a "notwithstanding" clause similar to the one in the present Bill of Rights.

There has been only one statute since the present Bill of Rights in 1960 which has employed the "notwithstanding" provision, and that was in 1970, when the government replaced the War Measures Act by the Public Order (Temporary Measures) Act, which contained a clause that it was valid notwithstanding that it might be in contravention of the Bill of Rights. This, I believe, demonstrates that governments would be very cautious indeed about proposing legislation containing a "notwithstanding" clause exempting the act from the overriding effect of a Bill of Rights.

In any event, experience in the past in other countries has shown that in time of war or great tension a Bill of Rights is always subject to certain implied limitations that the courts will support, as the Japanese-Americans can well testify. Public opinion, and, I would hope, the Senate, would not stand for legislation exempting an act from the provisions of the Bill of Rights, except possibly in time of war or great tension, so that it doesn't really make that much difference from a practical point of view as to whether a Bill of Rights has a "notwithstanding" clause in it or not, and whether it is entrenched or not.

I would like to end this speech with another quotation from Mr. McRuer's evidence, which can be found at page 6:34:

> —I think it is a very considerable reflection on our whole Parliamentary system if we have to depend on those appointed to the bench to take leadership in the defence of human rights. I am not prepared to indict our parliamentary system in that way. I have great faith in our democratic system of legislation.

And I might say that I have also, particularly if the Senate effectively performs its function referred to by Senator Austin as a "political judiciary."

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 447*)

### THE GOVERNOR GENERAL

ADDRESS BY THE PRIME MINISTER, THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.
AT THE INSTALLATION OF THE RIGHT HONOURABLE EDWARD RICHARD SCHREYER, P.C.
THE SENATE CHAMBER, MONDAY, JANUARY 22, 1979

Your Excellency,

It is a great pleasure to extend to you, as you assume the office of Governor General, an assurance of the warmest good will of the Government, Parliament and people of Canada. In their name, may I ask that your first official act be to convey to Her Majesty, the Queen of Canada, a message expressing our loyalty and affection.

[*Translation*]

You are taking on the responsibilities of your high office at a challenging time for Canada, and a no less challenging time for its Governor General.

The scope of that challenge is the true measure of both the trust which the citizens of this country place in your hands, and of their lively confidence that you will be a wise and helpful steward of that trust.

At first glance, the prerogatives of the Sovereign and of Her representative in our parliamentary democracy seem startlingly simple: the right to be consulted, to encourage and to warn.

But on closer examination, what a wealth of potential for furthering the common good lies hidden in those simple words. What great opportunities for helping to create and define the evolving spirit of a dynamic nation can be discovered in that simple description of your office.

Canadians look to their Governor General as a person of stature, broad experience, and commitment to Canada, a person whose insight and breadth of vision can lead us all to a deeper appreciation of the values we share, the greatness of character we have inherited, and the destiny which can be ours if together we will it into reality.

Above all, we look to you to help lead us toward a keener awareness of the strength and value of our country, its people, its system of government, and its rich history of achievement. Upon that awareness can be built an even stronger Canada, with a renewed commitment to individual liberty, and shared opportunity.

[*English*]

You and your office are therefore a potent symbol of our unity and united purpose, and a symbol as well of the many streams of humanity which flow together into a uniquely Canadian experience.

Your commitment to public service, demonstrated as a Member of Parliament and as Premier of Manitoba, together with your thoughtful perspective on this country's problems and opportunities, eminently suit you for the role you are about to play.

Canadians have two special reasons to look to your term of office with more than the usual sense of anticipation. For the first time, the meaning of Canada will be expressed in a vice-regal voice tinged with a truly western accent.

We will hear about ourselves and our potential from the vantage point of one who identifies strongly with the open spaces and open people of the west—with their history of pioneering struggle to set down new roots in a new land. We will be hearing from a man who shares the pride of the Canadian west in its achievements, and the enthusiasm of western Canadians to tackle the problems of further development.

The second reason why we look upon your appointment as an event of historic importance is that, again for the first time, our first family will represent those millions of Canadians who trace their ancestry to countries other than Great Britain or France.

I share with countless others the well-founded hope that you will help lead all Canadians toward a deeper understanding of the richness and variety of our cultural heritage.

Personally, I look forward to my weekly meetings with you, because I know that a man who has known the joys and anguish of elective office will offer unusually well-informed advice.

On behalf of Canadians everywhere, I thank you for accepting the responsibilities which are now yours.

I wish to acknowledge as well the great debt of gratitude which we owe to Her Excellency, Mrs. Schreyer. We are all mindful of the fact that, in supporting your decision, she has herself willingly assumed an equal share of your official responsibilities, and an equal share of the resulting personal sacrifices.

To both of you, and to your children, we extend our best wishes for many happy years in Ottawa.

May all your days in your new home be filled with joy and peace. May duty be a pleasure. May God grant you satisfaction and fulfilment in the service of Canada.

REPLY OF HIS EXCELLENCY THE GOVERNOR GENERAL TO THE ADDRESS OF THE PRIME MINISTER

Prime Minister,

I shall be honoured to carry to our Gracious Sovereign Queen Elizabeth II the tidings of loyalty and affection which you have entrusted to me on behalf of the Canadian people. In accepting this task, I convey to you my determination to carry out those responsibilities which she has entrusted to me on Her behalf.

My wife, Lily, and I are grateful for the welcome and for the kind words you have expressed to us. We shall always cherish them.

[*Translation*]

I realize I am accepting a responsibility and honour that has been accorded to only four other Canadians. I am following in distinguished steps, and not only theirs. My lifetime has spanned the decades from Lord Tweedsmuir to the Right Honourable Jules Léger. Those who served Her Majesty as Governor General in those years brought great and varied distinction to the office. I pray I am equal to this task, to this office and to this time.

All previous Governors General of Canada have symbolized for Canadians that stability and continuity of national life and institutions so necessary to any cohesive civilization. This need is all the greater in a society whose very essence is the diversity of its culture and the vastness of its geography, in the society that is our Canada. The task is clear: the task is real.

[*English*]

As I undertake it, I have already received thousands of messages of good will and support. My wife and I are encouraged by them. In the coming days and weeks we shall seek continued support from all who care about Canada—and they are legion, whether Canada for them is the land of their ancestors or the land of their choice. All these Canadians, this blessedly overwhelming majority in every province of Canada, will provide, with the help of providence, a yearning for the preservation of one Canada that will not be frustrated, a wisdom that will not be denied. Canada remains our transcending objective. The reasons, both in our spiritual and in our material well-being, are self-evident.

[*Translation*]

It is with profound sadness that I note a minority view that does not acknowledge that in an enlightened federal Canada there is scope for the fullest expression of cultural and linguistic heritage. The preservation of our country's economic capacities and its weight in the councils of the world surely need not be sacrificed in order to achieve a greater measure of freedom. The freedoms we now share and cherish are equal to the best of countries on this planet. They are surpassed by none. They can be greater still. It is not necessary to break the bonds of our common history to do so.

For, whatever our origins, wherever we live in Canada, we have all contributed to the building of this country. Each Canadian, though unable truly to realize the greatness of the collective achievement that is unfolding, is playing his part. I would recall the eloquence of my predecessor, the Right Honourable Jules Léger, in this regard:

> This might be said of generations of honest and unassuming people of Quebec, who have always been faithful to their homeland, having no other and seeking no other. Men of the land, men of the sea, of the church and of business, I pay them warm tribute for without their courage and tenacity the Canada we know today would not exist. They lived their lives along the shores of the mighty river that bore their ancestors and shaped their destiny.

The faith of our history is borne in these, the words of a man of wisdom and patriotism and exemplary courage, who well understands the importance of French-speaking Canadians to our broadening mosaic. I can only concur with these words. They capture the pride we share in our diverse origins and the recognition we share that in those origins lies the source of our striving toward the larger horizons of spiritual tolerance and material progress that come with a larger unity.

[*English*]

To this, I must add the bringing to this new land, first to the Atlantic and then the central provinces, much more than a century ago, of British parliamentary institutions and English common law and jurisprudence. The stability and magnanimity of the English-speaking peoples who came to these shores is another great stream of our history.

But in the confluence of these two great streams that have shaped our Canadian character must surely be seen the force of two additional tributaries adding to the majestic flow of our culture and civilization. One is, of course, our brothers and sisters, Inuit and Indian. They constitute a group of Canadians who are caught between their traditional ways and contemporary opportunities. Whichever course they choose will bring grave difficulties for those involved, for those working with them.

The other stream is that multiplicity of groups that chose Canada or whose ancestors chose Canada. I know their contribution to Canada. The ethnic mosaic has made for a more colourful and interesting Canadian way of life. Those who make up this mosaic share the goal of retaining the clarity of

that mosaic, for in the clarity of their cultural distinctiveness lies its beauty.

There is also shared experience—the shared experience of adversity. Whether we think of the earliest habitants, or the coureurs des bois; of the United Empire Loyalists of Upper Canada or the Maritimes; whether we think of the Scottish fur traders of the northwest, or that incredibly small pocket of English and French-speaking settlers known as the Red River Colony at the Fort Garry and the St. Boniface Missions; whether it be the Icelandic-speaking settlers after 1870 or German-speaking Mennonites and Hutterites at the same time—one the victim of nature, the other of human persecution; whether it be central European immigrants pulling their belongings across the untilled Prairies by sheer physical exertion or the frustration of the Indian and Metis fearing the loss of hunting grounds, and the coming of malnutrition, pestilence and disease, in all this history one word stands out—adversity. Our problems of today are as nothing. To succumb to pessimism, to allow fragmentation, to accept the shattering of the Canadian mosaic is to break faith with all who endured so much to build so well what we have today.

What we have today can be secured if we remind ourselves of some self-evident truths spoken by a Canadian of venerable years but still active among us. He said, the truth is that Confederation was conceived of by men of two different but equally rich communities. Bilingualism and multiculturalism are facts of Canadian life, they cannot be avoided nor should they, for they are assets, not liabilities; positive factors, not negative ones.

But there is also a need to speak for all of Canada. It is what we share that allows us the richness of our diversity and we need to remind ourselves of this whenever we become preoccupied with our differences. As we shape present policies we preserve the necessary options for future generations of all Canadians.

What I believe many people earnestly hope for is not merely the toleration of our differences, but the realization that to be a good Canadian each of us must be true to his or her heritage. This noble sentiment was eloquently expressed by Sir Wilfrid Laurier when he said:

> Three years ago when in England, I visited one of those models of Gothic architecture, which the hand of genius, guided by an unerring faith, had moulded into an harmonious whole. This cathedral was made of granite, oak and marble. It is the image of the nation I wish to see Canada become. For here, I want the granite to remain the granite, the oak to remain the oak, the marble to remain the marble. Out of these elements I would build a nation great among the nations of the world.

[*Editor's Note: The Governor General repeated part of the immediately preceding paragraph in German and Ukrainian as follows:*

> *Dieser Dom besteht aus Granit, Eiche und Marmor. In derselben Weise sehe ich auch Kanada. Denn hier soll der Granit Granit bleiben, Eiche bleibt Eiche und Marmor bleibt Marmor. Aus diesen Elementen schaffe ich eine Nation, die gross ist unter den Nationen der Erde.*

> Це відбиток той нації, якою я хотів би щоб Канада стала. Я хочу, щоб тут граніт залишався гранітом, дуб дубом, мармур мармуром. З цих елементів я би збудував одну із могутніх націй світу.]

[*Translation*]

What Sir Wilfrid Laurier clearly believed, what he shared with others, with Sir John A. Macdonald, with Brown, with Blake, with Sir George-Étienne Cartier, what they share with my predecessors and with me, is that a diverse society in a vast land can experience a broadening of the mind and spirit—a magnanimity of the soul. Their idealistic dream has become almost the full reality. We need but work together to avoid slipping backward toward the fragmentation of intolerance.

[*English*]

Today I say with the deepest conviction that we can do this. Within 50 years, a moment in the sweep of history, our Canada has gone from aloofness to tolerance, and beyond tolerance to respect for, indeed a deep desire for, the retention of the differentiations of our heritage and culture.

[*Translation*]

But the need for this vigilance, for this effort, is incumbent upon us all and particularly on whoever holds this office.

[*English*]

It is said that Sir Wilfrid Laurier testified to Lord Grey's work as Governor General, that he gave his whole heart and his whole soul to Canada. If those words could ever in truth be applied to me, as a third generation Canadian from the wheatfields of the west, by my contemporary Prime Minister—only then could I feel that I have kept faith with all who love our country. One Canada, whole, undivided, the benefits of our pluralism intact.

[*Editor's Note: The Governor General said the following in Polish:*

> *Oby pamięć naszej pracy i naszego kraju byla blogoslowiona na wieki. Niech żyje kanadyjski kraj i naród na wieki wieków!*]

[*Translation*]

May the memory of our work and of our country be blessed forever.

[*English*]

From sea even unto sea.

# THE SENATE

**Wednesday, January 24, 1979**

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

Prayers.

## ASSISTANT CLERK OF THE SENATE

TRIBUTES ON RETIREMENT OF ALCIDE PAQUETTE

**Senator Perrault:** Honourable senators, I want to take this occasion to mark the retirement at the end of last year of one of the Senate's most talented and hard-working officers, M. Alcide Paquette, our Clerk Assistant.

[*Translation*]

Mr. Alcide Paquette has served Parliament for forty years. He worked in the office of the Leader of the Opposition and in the Prime Minister's in the other place until 1957. He came to the Senate in June 1958.

[*English*]

His work for us was outstanding. His knowledge was vast, as was his patience. His guidance was often sought and his advice always accepted.

His interest in Parliament was not confined to this place. Mr. Paquette was Executive Secretary of the Canadian group of the Inter-Parliamentary Union from 1960 to 1965, and he was also on the International Executive of the Association of Secretaries General of Parliaments.

Honourable senators, we in this place have always been fortunate in the quality of our officers. Alcide Paquette for 20 years maintained that high quality. I am sure that all honourable senators will wish him a long and fruitful retirement.

[*Translation*]

**Senator Flynn:** Honourable senators, I am pleased to join the Leader of the Government in expressing to Alcide Paquette our heartfelt appreciation for his long and devoted services to the Senate.

Indeed, it will be hard for most of us, because he has been here for 20 years—a few of us have been here longer but not many—not to see Alcide Paquette at the Clerk's Table, not to see him perform his duties with the diligence and competence that were obvious to all.

As the Leader of the Government pointed out, he has had a 40-year career here in Ottawa, half of which was spent at the other place where he served the Leader of the Opposition and, after 1957, where he worked for a while in the Prime Minister's Office.

Alcide was diligent, studious, meticulous and very competent. He was everyone's friend. Everyone liked him, as was pointed out by my friend, Senator Bourget, whom I want to greet upon his return to the Senate. He is looking very fit, in very good health.

**Senator Langlois:** Dangerously well.

**Senator Flynn:** Yes indeed, but not more so than before, I hope.

Alcide Paquette discharged many responsibilities in the Ottawa community. He was extremely active in benevolent organizations which I am sure he will continue to be.

So, on behalf of the opposition, and also joining the whole Senate, I wish him happy years in retirement. I am sure he will fill those years in ways both very useful and very pleasant.

By the way, looking at the biography of Alcide Paquette, I noticed that today is also the birthday of our clerk Mr. Robert Fortier. Though there is no connection between the fact that Alcide Paquette retires today and the fact that our clerk is celebrating his birthday, I do want to take this opportunity to extend to the latter our very best wishes.

To Alcide I wish, once again, a happy retirement. I also hope he will come back to see us, which I invite him to do. In addition, I am sure that on occasion, and, even perhaps quite often, the Clerk of the Senate or one of us shall want to ask him for his good advice.

[*English*]

**Senator Croll:** Honourable senators, I am very pleased to note that we are honouring Mr. Paquette. Mr. Paquette tendered his resignation on December 28, 1978, but we of the Senate have been fortunate indeed to have had him all to ourselves for 20 years. Throughout that time we have had the benefit of his parliamentary experience and his invaluable services. I personally will miss him very much, because I turned to him a great deal for guidance and advice. He always felt that he was a public servant, and did his utmost to answer any question that was presented to him.

It is fitting that the Senate should express to this scholarly man its appreciation of the remarkable service rendered by him. He served the Senate as Assistant Clerk for the past 20 years, but served Parliament for more than 40 years, with devotion and loyalty and in a gentle and kindly way. He is therefore assured of the Senate's gratitude for those faithful years as Assistant Clerk.

From time to time I would walk into his office to talk to him, because I enjoyed doing that, and because if you were a little short of knowledge he would always be able to fill in. I went in one day and asked him, "Where does the expression 'another place' come from?" He said, "I don't know offhand. I wouldn't be able to tell you. I should be able to tell you, though, and I'll look it up."

I had tried to find out myself from the library what the origin of the expression was, and had not been successful; at least, I did not think I had received a complete answer. So Mr. Paquette said to me, "I'll see if I can find out." He made inquiries and came up with an answer but he didn't think it was a complete one, and he said, "I'm going to write to the Clerk Assistant of the House of Lords in the United Kingdom to see if he can help." Here, in part, is the reply he received in a letter dated November 2, 1978:

> We have done a bit of research into the origin of the use of the expression 'another place', which as you say was used by Mr. Stansfield in a debate in the Commons of 15th July 1860. It looks as though this was not the first use of the expression because *Erskine May* (1st edition, 1844, p. 199) states that, since the daily publication of debates, "most members in both Houses have learned a dexterous method of evading [the rule] by transparent ambiguities of speech". One example, at least, of an earlier use of the phrase is offered by *Burke's Speeches* (Collected Speeches, 1816, Vol. III, Speeches in the House of Commons, 6th February): "The present minister, he understood, had been called a 'heaven-born minister' in another place".

• (1410)

It was not world-shaking, but it was important in that he made it his business to give as complete an answer as he could possibly get. His was the approach of a scholarly man. He wanted to see Parliament work as well as possible. That is what makes the difference. That is why we miss him, and that is why he was one of the great public servants.

**Senator Marshall:** Honourable senators, Senator Croll spoke of a "Mr. Stanfield" who was around in 1860. Are we to believe in reincarnation?

**Senator Perrault:** Honourable senators, may I join in the good wishes extended by the Leader of the Opposition to the Clerk of the Senate, Mr. Robert Fortier, who has served us so well. I join all other honourable senators in wishing him a very happy birthday.

[*Translation*]

## THE GOVERNOR GENERAL

### CEREMONIES AT INSTALLATION— CBC FRENCH NETWORK BROADCAST— QUESTION OF PRIVILEGE

**Senator Forsey:** Honourable senators, I wish to rise on a question of privilege concerning the CBC French network broadcast of the Governor General's installation ceremonies a few days ago.

Yesterday, a senior official of the parliamentary library phoned me because she was annoyed and furious at the fact that, during the broadcast, the CBC reporter said: "The Governor General is now swearing allegiance to the Queen of England"—not the Queen of Canada—"the Queen of England", and he also called the Governor General a "Neo-Canadian". In fact His Excellency is a third generation Canadian. So this lady was absolutely furious because of this CBC broadcast of the installation ceremonies and I promised her that I would raise the question in the Senate, because I find this rather strange, to say the least, and I think that this report somewhat distorts reality.

**Senator Flynn:** Honourable senators, Senator Forsey rose on a question of privilege. If one had to rise every time the CBC makes that type of mistake or adopts an attitude that is completely contrary to what the situation calls for, for instance when the Péquiste message is being advocated in Quebec, one would be rising constantly and we would not get much else done in the Senate.

[*English*]

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Canada Safeway Ltd., Dominion Stores Ltd. and the Retail Divisions of Westfair Foods Ltd., Winnipeg, Manitoba, dated January 12, 1979.
2. Catfish Creek Conservation Authority, Aylmer, Ontario, dated January 12, 1979.
3. Antler River School Division No. 43, Melita, Manitoba, dated January 11, 1979.
4. Blue Water Rest Home, Zurich, Ontario, dated January 11, 1979.
5. Corporation of the Town of Kirkland Lake, Ontario, dated January 11, 1979.
6. Huntsville District Memorial Hospital, Huntsville, Ontario, dated January 12, 1979.
7. Haul Away Disposal Services Ltd., Hamilton, Ontario, dated December 29, 1978.
8. Corporation of the Town of Wallaceburg, Ontario, dated December 28, 1978.
9. School District No. 86 (Creston-Kaslo) Creston, British Columbia, dated December 28, 1978.

Copies of report of the Anti-Inflation Board to the Governor in Council, dated January 10, 1979, pursuant to

section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plan of the Municipality of Queens County and its elected officials.

Report of the Department of Communications for the fiscal year ended March 31, 1977, pursuant to section 6 of the Department of Communications Act, Chapter C-24, R.S.C., 1970.

## AGING

### DESIRABILITY OF ESTABLISHING GOVERNMENT DEPARTMENT—NOTICE OF INQUIRY

**Senator Croll:** Honourable senators, I give notice, supported by Senator Fournier (Madawaska-Restigouche) and Senator Marshall, that on Tuesday next I will call the attention of the Senate to the desirability of establishing a department of the Government of Canada to deal with all matters relating to aging.

**Senator Flynn:** A department?

**Senator Croll:** Yes.

**Senator Flynn:** With a minister?

**Senator Croll:** Yes.

## PUBLIC REFERENDUMS

### LEGAL AND CONSTITUTIONAL COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Goldenberg,** moved, seconded by Senator Molgat, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the subject matter of the Bill C-9, intituled: "An Act respecting Public Referendums in Canada on Questions relating to the Constitution of Canada," in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

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

**Hon. Senators:** Agreed.

**Senator Flynn:** I do not intend to object to the motion, since Senator Goldenberg talked to me earlier about it and I said I would support it. However, there are a few questions that flow from the motion. First, what is the urgency? I can understand that the Leader of the Government will say that we may have an election called next week.

**Senator Perrault:** It will be this year.

**Senator Flynn:** Are you sure?

[Senator Perrault.]

**Senator Asselin:** Are you sure?

**Senator Flynn:** Would you stand up and promise that?

**Senator Asselin:** We don't believe you.

**Senator Flynn:** The second thing about the motion is this. Although I have never opposed the so-called Hayden formula, I am beginning to think that it has been the subject of some abuse. I recall Bill C-14, which we dealt with before we adjourned for Christmas. Under the pretence that the subject matter of the bill had been studied by a committee in advance of the bill coming to us, the Senate then said that it was not necessary to go through the procedure of first, second or third reading, the way we normally do, but that we could do it all at once, without the usual delays and without providing an opportunity to refer the bill to a standing committee or to a Committee of the Whole. I for one cannot forget and maybe cannot forgive, what happened on December 21 and 22 last year.

• (1420)

Everything happened the way I said it would. We did not have the opportunity in this house to deal with that very important bill in the normal way. It is not because the subject matter of the bill has been examined by a committee that we should dispense with dealing with it in the normal way. That is what happened on December 22 last, after the rules had been suspended. Probably at Easter time we will be confronted with the same situation and forced to do the same thing as the government forced us to do last year with regard to the bill concerning the amendments to the Labour Code. We were promised then that the people who wanted to make representations would be given an opportunity to do so. We are still waiting for them to be given that opportunity. They won't be given that opportunity. The Leader of the Government knows very well they won't. It is quite clear that there will be an election. This is not because the Leader of the Government says so, not because of rumours, but because it is unavoidable.

For that reason I would like the chairman of the committee to assure me that, firstly, there is urgency and, secondly, that this formula will not be used to thwart the normal procedure with regard to that bill when it reaches us—if it does reach us.

**Senator Goldenberg:** Honourable senators, my friend Senator Flynn, who has always co-operated with me in a way for which I thank him, knows very well that I cannot give all the assurances he has asked for. All I can say is that the reason the committee, at a meeting which was attended by Senator Flynn, unanimously agreed that we make the subject matter—

**Senator Flynn:** I did not hear that correctly. You say the committee had a meeting?

**Senator Goldenberg:** At the last meeting.

**Senator Asselin:** He was not there.

**Senator Flynn:** What date was it?

**Senator Goldenberg:** I am sorry. I was under the impression Senator Flynn was there. Senator Asselin was there, I believe.

**Senator Perrault:** Speaking for you.

**Senator Flynn:** I have nobody speaking for me in the same way that Senator Langlois speaks for you.

**Senator Langlois:** You are lucky.

**Senator Goldenberg:** Insofar as urgency is concerned, what I said to the committee was that I was advised—and I have since checked—that this is one of the few items which have priority for the remainder of this session of Parliament, and it is a matter of considerable importance.

I think Senator Flynn will agree that because the proposed referendum is something new, I thought, and the committee agreed unanimously, that we could save time by making a thorough study.

**Senator Flynn:** How much time?

**Senator Goldenberg:** I am not in a position to answer that, but that is all there is about the urgency. I am definitely assured that it is priority legislation intended to be enacted before whatever we expect to happen will happen. When that will happen, I cannot say.

**Senator Perrault:** Honourable senators, might I suggest a possibly useful procedure with respect to some of the concerns expressed by the Honourable Leader of the Opposition? The procedure of pre-studying a bill has been quite successful in this chamber in the past, but perhaps this parliamentary "technique" should be referred to the Rules Committee so that its use and implications can be discussed. The Rules Committee could, perhaps, make recommendations with respect to the use of this procedure. Such a referral might well assist the thinking of senators in this area.

**Senator Flynn:** Give us the assurance that you will give us at least three days.

**Senator Perrault:** As far as the proposed legislation in the area of referendums is concerned, I feel certain that the Senate, in its wisdom, through a pre-study will be able to assist not only the Canadian people, but also the members of the other place.

**Senator Flynn:** The wisdom of the Senate was not very obvious on December 21 and 22 last.

**Senator Perrault:** I hesitate to suggest that the honourable senator may express a partisan viewpoint in this regard. Usually he endeavours to be so non-partisan.

**Senator Flynn:** No more of a partisan attitude than was exhibited by the Senate majority last December 22.

**Senator Perrault:** Honourable senators, surely the Senate can contribute to the national dialogue in this very important area of referendums—this proposed new method of ascertaining public opinion on certain matters. If honourable senators feel the issue of pre-study should be reviewed by the Rules Committee, then perhaps that should be done.

**Senator Flynn:** I have no objection to the practice of pre-studying legislation, but what I suggested is that it should be used and not abused.

**Senator Forsey:** Honourable senators, as one of the victims of what took place on December 21 and 22, and without any partisan bias in the matter, I should like to express the hope that the committee will not, in this case, do what that other committee did and simply report that it approves the principle of the bill and that then we should be told that there is no necessity of having any committee proceedings on this. This is something that was felt very strongly, not only by the few members of the opposition who were here on that occasion, the corporal's guard, unfortunately, but was also felt very strongly by me. I fully share the misgivings of Senator Flynn on this subject, and I do so from my seat as a supporter of the government. I do not think that was the proper procedure to adopt, and I hope it will not be repeated, especially on a matter of this importance.

**Senator Smith (Colchester):** Honourable senators, I should like to say a word or two on this subject as well. My recollection is that I was present at the meeting to which Senator Goldenberg has referred, and I recall that I concurred in the suggestion that was then put forward. At that time I never suspected that that process would be prostituted in the manner in which it was on December 21 and 22. Therefore, although I do not intend to oppose this motion for pre-study, I want to go on record, along with my leader, Senator Forsey and anyone else who may have the same views, and say that, while I agree that this procedure of pre-studying legislation as developed by Senator Hayden has been successful in the past, we should not allow it to be abused. The manner in which it has suddenly come to be abused is reprehensible and unsatisfactory. If Senator Goldenberg wishes the Senate to engage in this pre-study procedure, I think Senator Goldenberg ought to give us some kind of assurance that the same sort of abuse will not occur again.

**Senator Langlois:** Honourable senators, I have a few words to say on this. First of all, I concur with the statement made by Senator Forsey suggesting that the wording of the report of the committee on the other piece of legislation might have been wrong because it recommended the principle of a bill not yet before the committee. In that case, the committee was simply conducting a pre-study of a bill.

• (1430)

I also rise to support the suggestion of the Leader of the Government that the Rules Committee conduct a study of the pre-study procedure. The Rules Committee, as a result of such a study, might be able to produce worthwhile recommendations for the avoidance of a repetition of the difficulties which were brought to our attention this afternoon by the Leader of the Opposition and other honourable senators on his side of the house.

**Senator Grosart:** Honourable senators, in speaking to this motion, Senator Forsey referred to what happened on December 21 and 22 last. During the course of his remarks, he said it was unfortunate that there was only a corporal's guard of the official opposition in the chamber at that time. I was one who was absent from the chamber—

**An Hon. Senator:** With good reason.

**Some Hon. Senators:** Explain.

**Senator Grosart:** I thank honourable senators for their tolerance in respect of my absence on that occasion. I regret to say that I was absent, but I assure the house that had I known what was going to take place during the course of those two days I would not have been absent. I could have been here and would have been here, and I am ashamed of the fact that I was not here to support my leader and others on this side who objected to a situation which, in my view, was a disgrace to the Senate.

I have read carefully, over and over again, the record of what happened on those two days. What was being considered was exactly the same type of motion that is before us now, in which we are asked to agree to apply what I named many years ago the "Hayden formula" to a particular situation. The adoption of the motion now before us would result in a suspension of our rules, which is exactly the situation with which the Senate was confronted on December 21 and 22 last. The purpose of the motion then before the Senate was not thoroughly disclosed, but obviously, as it turned out, it was to restrict Senate debate on public bills. That is what happened.

The objection put forward by the Leader of the Opposition and others on this side was one which was fully sustainable, and should have been sustained. The fact of the matter is that the Senate was not permitted to debate a very important bill. This clearly left, in my view, an entirely different attitude on the part of those who object to this kind of steamrollering of legislation through the Senate—and that is what it was. In view of that experience, I would ask for Senator Goldenberg's assurance, assuming we agree to this pre-study, that this procedure will not be used to prevent a full debate on the measure once it has been received by the Senate.

I reiterate, what happened on December 21 and 22 last in respect of Bill C-14 was a disgrace to the Senate. Although I was not present on that occasion I fully support the position taken by my colleagues, and by some honourable senators who are not members of this group, in relation to what happened at that time. It was a clear case of steamrollering, and I regret that when the Leader of the Government asked over and over again for assurance that there would be no steamrollering—

**An Hon. Senator:** The Leader of the Government? I think you mean the Leader of the Opposition.

**Senator Grosart:** Yes, the Leader of the Opposition. I am sorry. In view of these and some other events, I find it very difficult not to anticipate at least one possible new role for the distinguished Senator Flynn.

**Senator Frith:** Don't hold your breath.

**Senator Grosart:** I am not holding my breath. Far from it. It should be obvious to Senator Frith that I am not holding my breath at this time. I am using my breath to make a protest against something that he agreed to, and for which he should be ashamed.

**Senator Frith:** I am not.

[Senator Grosart.]

**Senator Grosart:** I would not expect that you would be—far from it, judging by some other aspects of the record.

I say to honourable senators that if we are going to use this so-called Hayden formula in this manner, we should have the assurance that it will never again be used in the way it was used on December 21 and 22.

The suggestion is made that the matter be referred to the Rules Committee. I cannot believe that that would in any way assist in resolving the problem we are faced with. What does the Rules Committee have to do with it? We are dealing here with a case of the suspension of the rules. What can the Rules Committee do about that, except to say that the rules should not be suspended? Of course, the rules can be suspended. That is the crux of the question. It will not help in the slightest to refer this matter to the Rules Committee. The committee will just come back and say, "We have a right to suspend the rules any time we like." Will the Rules Committee say that that right of the Senate to control its own affairs and to suspend its own rules should not be used in this way? Of course not. The Rules Committee will not say that.

What we need is an assurance from the leadership of the Senate that the Hayden formula will never again be used as an excuse for the intolerable steamrollering of legislation that took place on December 21 and 22.

**Senator Frith:** Honourable senators, since mention has been made of something that I am supposed to be ashamed of, namely, my participation in the debate of December 21 and 22, it seems to me that when my friends on the other side speak of the abuse of the Hayden formula, and when they use such strong adjectives, and in a petulant way, concerning the fact that they wished to block that legislation—

**Senator Flynn:** No, no.

**Senator Frith:** —to block the passage of that legislation, it having been considered in committee, they are speaking about anything that thwarts their objective of government by the minority.

**Senator Flynn:** On a point of order and on a question of privilege, I do not know if Senator Frith was here on December 21 or 22—

**Senator Frith:** I was.

**Senator Flynn:** Well, if he was, he did not understand anything of what went on. That may not be entirely new, of course. What I was suggesting at that time, and what he should have understood—

**Senator Frith:** It does not go without saying that everything you say is understandable, senator.

**Senator Flynn:** No, of course not, but some of your colleagues, the more intelligent who did understand, might have explained it to you. I had asked merely that we have two days, and I indicated clearly that we did not want to block that legislation, that we knew very well that it would pass. I merely wanted an orderly debate on second and third reading and reference to committee.

• (1440)

There was no indication of our blocking anything at all. On the contrary. We said that we would arrange for the passage of this bill in two days, but that we did not want to be forced to pass it in five hours on the Friday night. That is what we said. There was no intention of blocking anything. There was no partisan attitude in that. It was only because some of us thought that the Senate should deal with such important legislation in the normal way. But that was refused.

**Senator Forsey:** And with the opportunity of making amendments.

**Senator Frith:** Unlike Senator Flynn, I am prepared to accept that it is possible he had a different, but intelligent, point of view. Apparently, any view that is not the same as his is not intelligent. However, his was his point of view, and I was simply putting my point of view, which I think is intelligent, on the record. Apparently, if it is not his point of view, it is not intelligent.

**Senator Perrault:** I invite all fair-minded senators to read the proceedings of this chamber on December 21 and 22. The Leader of the Opposition, who talks about the alleged great frustration of democracy on those two dates—

**Senator Flynn:** No, the frustration of the Senate.

**Senator Perrault:** —is applying his very selective memory in recalling the background of the Bill C-14. Moreover, honourable senators, when the Leader of the Opposition talks in terms of fighting for democracy on the 21st and 22nd of December, let me remind him that he was not even in the chamber on the 22nd.

**Senator Flynn:** That is the kind of petty attack I have come to expect from the Leader of the Government. When he is under pressure he strikes below the belt; but, of course, he is not very tall and that can be excused. No, I was not here on the 22nd—

**Senator Perrault:** You certainly were not.

**Senator Flynn:** —for personal reasons. I was not here for personal family reasons and for other reasons as well, one of which is that I did not want to participate in the charade the Senate was going to be forced to conduct. However, I was prepared to be here on the 27th, the 28th and the 29th, if necessary. But the cowardly and servile majority here decided that they would bend to the will of the Leader of the Government in the other place to close the house as soon as possible in order to facilitate the public's forgetting that piece of legislation.

Now, when my friend Senator Frith says that what is intelligible to me is not necessarily intelligible to him, or vice versa, I would suggest to him simply to read what occurred. The Leader of the Government said to me that I have a selective memory. Well, I dare anyone to say that what I have said today about that particular incident on the 21st is wrong. I dare anyone to point out to me where I am wrong.

**Senator McElman:** Honourable senators, if I may say so, I was here on the 21st and 22nd of December. I take exception to the remarks just made by the Leader of the Opposition, one for whom I have great respect, and, without raising a matter of privilege, I would ask him to withdraw one word that he put on the record when he referred to the "cowardly and servile majority."

**Senator Perrault:** Shame!

**Senator Langlois:** Shame!

**Senator McElman:** I find that most offensive.

**Senator Flynn:** I will withdraw "cowardly."

**Senator McElman:** Thank you for that.

**Senator Flynn:** I withdraw the word "cowardly."

**Senator McElman:** That carries forward my respect for the honourable senator, in that he will do the gentlemanly thing, and also my respect for him as a partisan orator, when he leaves on the record the other words.

I find it passing strange that he can take such great umbrage and offence when it is drawn to his attention by the Leader of the Government that he was not present on a given day, and then in the next breath offer insult to all of those on this side who were here on that day.

**Senator Forsey:** Honourable senators, I think strictly, I am out of order in rising again, but I am in excellent and numerous company. I should like to point out something that I think has not yet been pointed out about those events which took place before Christmas. In effect, the procedure adopted prevented some of us from moving amendments. For all practical purposes, it closed off the possibilities of making amendments. That is what it amounted to and that, I would argue, is a very serious interference with the rights of this chamber.

**Senator Langlois:** Not at all. No.

**Senator McElman:** You are wrong, wrong, wrong.

**Senator Goldenberg:** Honourable senators, may I plead innocence? I never anticipated that this motion would bring about this debate.

**Senator Flynn:** Apparently we had nothing else to do.

**Senator Goldenberg:** And when I say that I plead innocence, it is because I was not here on December 22. I left early on the 21st. My motion is certainly unrelated, so far as I am concerned, to what occurred on those days.

Senator Grosart said that my motion is a motion to suspend the rules. But it is not a motion to suspend the rules of the Senate with regard to the normal passage of a bill through the Senate. It is simply a motion to suspend the giving of the usual notice of motion under rule 45(1)(e), and I shall explain to honourable senators why I did it this way. My friend Senator Flynn will admit that I consulted with him.

**Senator Flynn:** I have said that already.

**Senator Goldenberg:** Yes. The reason was simply this: There are meetings already arranged by other committees, particu-

larly the Banking, Trade and Commerce Committee on the subject matter of the Income Tax Act and of the Bank Act. I have heard that the Transport and Communications Committee may be meeting as well. Our committee has never before made a study of the subject matter of a bill and I thought it would be useful, having regard to the importance of this measure and to the fact that the government has described it as a priority measure, to proceed with a Senate study at this time. I certainly had no intention of planning to restrict the debate on the bill. Even if it were within my power—and, of course it is not within my power—I would not have the intention to recommend in any way that the debate on the bill, when it comes here, be restricted.

I repeat that my motion is not a motion to suspend the rules with regard to the normal passage of the bill when it comes here.

**Senator Perrault:** Question.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

**Senator Olson:** Honourable senators, may I advise that the meeting will be called to order at 3.30 p.m.

Motion agreed to.

## HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Croll be substituted for that of the Honourable Senator McIlraith on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

● (1450)

## INDIAN AFFAIRS

HEALTH AND ENVIRONMENTAL CONDITIONS—QUESTION

**Senator Haidasz:** Honourable senators, I should like to bring to the attention of the Leader of the Government today's press communiqué of the National Indian Brotherhood complaining in particular of the government's recent budget cuts for Indian health care, and, at the same time, ask the government leader to impress upon his cabinet colleagues the need to review this matter and to investigate the problems leading to the high morbidity, and consequently the low life expectancy, of the Indian peoples, as stated in the communiqué; and rather than cut, to try to find more resources to help improve their health and environmental conditions.



**Senator Perrault:** Honourable senators, the question will be taken as notice. Hopefully a statement can be provided by the minister responsible for the health services of Canadians of Indian descent. That statement will be brought to the Senate at the earliest opportunity.

## TRANSPORT

MOTOR VEHICLE SAFETY—TIRE PRESSURE SURVEY

**Senator Perrault:** Honourable senators, I regret very much that the Honourable Senator Smith (Colchester) is not in his place at this time. On December 12 he asked a question about tire inflation, and I now have the reply. However, I think I should wait until he is with us before providing the answer.

## NEWFOUNDLAND

SEA AND AIR FREIGHT SERVICES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I see that Senator Marshall is with us today. On December 6—

**Senator Flynn:** Are you in charge of noting absences and presences? Apparently you make a record of everyone's absence or presence.

**Senator Perrault:** Honourable senators, insofar as it is possible, I think it is useful to have those who ask questions present when replies are given. The questioners are then in a position to challenge the responses, if they so desire. I think this is a healthy manifestation of democracy. The Leader of the Opposition should approve of this concept in view of his long history of supporting democratic institutions.

**Senator Langlois:** It is a matter of courtesy.

**Senator Perrault:** I regret very much that the Leader of the Opposition seems to have had such a difficult holiday period. He has not returned to us in the buoyant good spirits that one might have expected.

**Senator Flynn:** Because of what happened before we adjourned.

**Senator Perrault:** I cannot help the Leader of the Opposition if he finds no comfort in the recent polls that were taken by the Gallup organization. However, I hope that he will not share his unhappiness with the rest of us.

**Senator Flynn:** I do not share your optimism.

**Senator Perrault:** Honourable senators, on December 6, 1978, Senator Marshall asked the following question:

> It has to do with a letter of November 28 from myself to the Minister of Transport concerning the cutback and downgrading of freight services to Newfoundland by sea and air. Since this action contravenes a commitment that rail freight services would be maintained and no lay-offs would occur until the final report of the Sullivan Commission on Transportation in Newfoundland is published, would the Senate leader provide the information, which is of concern to many Newfoundlanders?

I now have a statement. Transport Canada has found no evidence that cutbacks and downgrading have taken place in the freight service to Newfoundland by sea and air. On the contrary, as traffic volumes increase, the existing services are expanding and, as commercial opportunities arise, new services are provided and new entrepreneurs enter this transportation market. In 1977 a company known as Chimo Shipping initiated a container service by sea from Montreal to St. John's, and in 1978 Federal Commerce and Navigation expanded its existing Halifax to St. John's service and is now offering a tractor trailer freight service by sea between these two points.

While individual carriers may adjust their operation to fluctuations in business from month to month, the government does not attempt to influence operational decisions by the commercial carriers. There are no indications that such adjustments, should they take place from time to time, would have any direct effect on CN's mode of operation of the railway and maintenance of employment levels on the railway until the end of the Sullivan Commission.

## TRANSPORT

### CANADIAN NATIONAL RAILWAYS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Austin asked a question on November 28—

**Senator Asselin:** He is here.

**Senator Perrault:** I note as usual that the honourable senator is in his place.

**Senator Flynn:** Ho, ho.

**Senator Perrault:** Senator Austin said:

> I should like to ask the government leader to assure the Senate that neither the government nor the Canadian National has any intention of selling any equity in CN—

In reply, the capital stock of the Canadian National Railway Company is held by the Minister of Finance in trust for Her Majesty, and the company has no power to issue capital stock to anyone except the Minister of Finance without the approval of the Governor in Council. The government has no intention at this time of selling or of authorizing Canadian National to sell any capital stock of the Canadian National Railway Company.

I have a number of other replies, which I shall be prepared to present tomorrow.

### APPLICATIONS FOR POSITIONS AS STEWARDS AND STEWARDESSES WITH AIR CANADA—QUESTION

**Senator Marshall:** Honourable senators, I have a question for the Leader of the Government in the Senate, which has to do with the reply I received to question number 30 on the order paper regarding applications received by Air Canada for positions as stewards, male and female, by province in 1977.

I am astounded at the reply, which stated that Air Canada received 9,538 applications but that no one was hired in 1977. I am one who is concerned at the deterioration in ground services provided by Air Canada. If this is an example of what they are doing—that is, going to the trouble of advertising for stewards and stewardesses, receiving 9,538 applications and going to the expense of interviewing them when it is obvious that their original intention was not to hire anyone—then I consider it ridiculous.

I should like to ask the Leader of the Government if he would clarify the situation, which seems to me to be amazing. As the Leader of the Government suggested, I challenge the answer given to my question.

**Senator Perrault:** Honourable senators, the information which has been presented by Senator Marshall certainly invites further information from Air Canada. If 9,000 people applied for those positions and not one was hired, it suggests an incredibly high standard or some other factor which, I agree, should be explained.

## FOREIGN AFFAIRS

### HALIBUT FISHING INDUSTRY—INTERIM AGREEMENT BETWEEN CANADA AND THE UNITED STATES—QUESTION

**Senator Austin:** Honourable senators, the government leader, coming from British Columbia, is aware of the serious problems that are about to be faced by the British Columbia halibut fishing industry. There has been some accommodation of fishing rights on the Atlantic coast, but as yet no agreement with respect to fishing rights on the Pacific coast.

The facts are that the B.C. halibut fishing industry took a considerable portion of its product off American waters, which are not now available because of the dispute on other fishing matters with the United States. The halibut fishery is not in contention.

My question to the government leader is whether it would be possible for Canadian and American negotiators to effect an interim agreement, for this year at least, with respect to the halibut fishery on the Pacific coast, so that in the fishing season, which starts within the next month or two, a very serious economic loss to British Columbia fishermen can be prevented.

**Senator Perrault:** Honourable senators, that question will be taken as notice.

### EAST COAST FISHERIES—CANADA-UNITED STATES AGREEMENT—QUESTION

**Senator Marshall:** Honourable senators, I have a supplementary question on the same subject concerning the evident agreement on the east coast between Canada and the United States. The Leader of the Government indicated that tempo-

rary boundaries would be designated. Is there any possibility of our getting the information, and, indeed, a map, showing the boundaries that have been established on the east coast of Canada between Canada and the United States in the fisheries cold war?

**Senator Perrault:** Honourable senators, the entire question with regard to all of our coasts is most important, and I shall request of the minister responsible for ocean fisheries a complete statement which can be brought to the Senate.

BELL CANADA—OWNERSHIP OF CONTROLLING INTEREST IN IRAN—QUESTION

**Senator Norrie:** Honourable senators, I should like to ask a question of the government leader. Could he find out—I am asking this question on behalf of someone who has sought this information from me—who owns the controlling shares of Bell Canada in Iran? Is it Canada or Iran?

**Senator Perrault:** Honourable senators, if that information is available through one of the government departments, it will be obtained. However, a direct inquiry of Bell Canada may well bring forth the information sought.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to the Honourable Senator Desruisseaux.

[*Translation*]

**Hon. Paul Desruisseaux:** Honourable senators, with leave, first of all I would like to say a few words about a former senator who died a few days ago.

The Senate was saddened to hear these past few days of the death of one of its former and most distinguished members, the late Honourable J.-Eugène Lefrançois. Our colleague, who would have soon been 83 years old, died after an active and fruitful career spanning over nearly 30 years in Parliament to which he made a useful contribution. He had just recently resigned.

The late Senator Lefrançois was interested in and participated constructively in civic functions in his area, his province, and the country he loved so much—Canada. He vanishes from the public scene, leaving behind only friends and colleagues who held him in high esteem and will miss him.

To the distinguished members of his family in this trying moment I offer the most sincere condolences of my family, myself, as well as those of the Senate.

May I also be permitted to say a few words about our former Governor General. I would like to join with other members of this house in thanking Mr. Jules Léger, the outgoing governor general, and Madame Léger, for the exceptional services they gave Canada during Mr. Léger's tenure of office as representative of Her Majesty Elizabeth II, Queen of Canada.

At the same time, I congratulate his successor to the office of Governor General of Canada, Mr. Edward Schreyer. We wish His Excellency, Mrs. Schreyer and their family great reward and happiness in the performance of their duties during their tenure of office.

Honourable senators, I appreciate this opportunity to express my views on the Constitution of Canada. We have already heard excellent points of view expressed on the reforms proposed in Bill C-60 which we studied in advance here, to give our country a federative constitution acceptable to all its members, particularly with respect to the Supreme Court of Canada, the Senate and the Bill of Rights.

I am not an expert on constitutional law. I have been in the Senate since 1966—12 years. Before that I had the privilege of acquiring good experience in the practice of corporate law, as well as the advantage of participating actively in the administration of the world of business, information, industry and finance for over 50 years.

So that is how I see things but I am not among the best experts on the reforms to be made to the Constitution which has governed us since Confederation.

However I have my own personal views with respect to what needs to be done to give us greater unity at home, good brotherhood among us and a prosperous future for our country.

A few years ago, we in the Senate expressed our views on certain reforms to be made to our Constitution. The report of the Joint Committee of the Senate and the House of Commons made excellent recommendations on which I have already commented following several other senators. Those reforms were to be implemented only after constitutional approval. Bill C-60 tabled last year hardly takes into account the recommendations that were made.

Left on the shelves following the prorogation in the month of October 1978, Bill C-60, we are told, is to be revised and reintroduced during the fourth session. Personally, I doubt it, but it gives us a new opportunity to refine our observations and our criticism, and to propose on our side more constructive recommendations, making sure of their constitutionality.

Bill C-60 which was introduced during the third session last year proposed a "House of the Federation" to replace the Senate which was created in the Charter of our Confederation by our federative members. Bill C-60 was pigeonholed after the prorogation. There are now persistent rumours to the effect that this bill will be reintroduced but with some important amendments this time and without the formula for the abolition of the Senate and its replacement by a "House of the Federation". I think it is wise in the circumstances to wait for the revised Bill C-60 to make more elaborate comments.

I have nothing against the Constitution which has been ruling us since Confederation. I would be pleased to continue

to live under the Constitution in its present form. What we should criticize now is its erroneous and incorrect interpretation both by the central government and by some of our provinces. It seems to me that we have derived excellent benefit from it up to now. As far as I am concerned, I think it would have been difficult to have a better Constitution. The Constitution of 1867 enabled us to pursue for more than a century an aggressive development in every endeavour, and our economic growth is undeniable and it continues even in the difficult period we are going through.

It has protected our individual independence, our beliefs, and our social and economic liberties. It has also contributed to the prosperity of each of its federative members which in the last ten years saw their disposable personal income increase by 118 per cent, and their average family income go up by 35 per cent in real value. Thanks to our Constitution and the work of all Canadians, we have become one of the most prestigious and influent nations in the world and one of the richest industrialized countries.

● (1510)

Thanks to the many undertakings that our federal Constitution has encouraged, Canada is also one of the richest countries in the world as concerns standard of living since we rank second among the 15 most industrialized countries.

Of course, we can still improve the original Constitution by making it more flexible and better able to serve all its federated members, and by adding the missing preamble. It has no soul. Its weaknesses, since it has some, can be corrected with the goodwill of the federated members. Still, the Canadian Constitution now ensures an acceptable protection for the rights of individuals in our federated society. It remains that it must be correctly and fairly interpreted and better respected by all.

Moreover, the existence of the Senate is not one of the weaknesses of our government system. On the contrary, its existence and its operation in our Parliament have contributed considerably to the progress accomplished by the nation, about which I talked earlier, and to our social and economic advances. It would be quite wrong to try now to replace it by a House of the Federation, a formula which remains controversial and doubtful, which would have weakened and even limited powers and provide a forum for intensive discussion of our most political issues without being empowered to pass legislation, and would preserve and amend the Constitution possibly unilaterally and even anti-constitutionally in the future.

The federated members of Canada would lose in the exchange by accepting that the Senate be replaced by an impoverished system with a doubtful constitutional value, that is a House of the Federation. I believe that they are well aware of it and that they reject such an exchange. I am also convinced that we should reject consideration of a second House called the House of the Federation if this proposal is once again included in the new Bill C-60 which we are told will probably be introduced during this session.

However, the role the Governor General of Canada, which was mentioned I believe in this bill, should be better defined. The nation has expanded. It has developed and has now reached maturity. In fact, our country is now at the forefront of the other countries because of its successes, its great influence and its acquired importance. Canada is in third place among western countries with a rate of growth which compares favourably with that of other countries. This is undoubtedly the result of the good operation of the Constitution that our country adapted more than a century ago. The role of the Governor General has changed. This role should now be defined in light of the many functions which have been added to it throughout the years. His official duties can hardly remain vague and obscure or be subjected to political discussions. From all points of view, the Governor General of Canada deserves this clarification and this definition of his duties and extended role. When he introduced the new Governor General, the Prime Minister, the Right Honourable Pierre E. Trudeau, mentioned this fact last Monday as he was announcing the extended duties of the new Governor General. From now on, he has a full-time job.

Many believe that all possible motives for criticism of the appointment system of Supreme Court judges should be eliminated. There are many possible solutions that could protect our highest court from criticism. It is up to us really to agree among ourselves, as members of our national federation, on the procedure for appointing judges to our Supreme Court. Therefore the method of appointment must be perfectly constitutional, with ground rules established jointly by the provinces and the national government.

In a country such as this, two systems of law are needed. They must remain distinctive and accessible without disadvantage to Canadians of both origins wherever they are in Canada, and they must be entrenched in the Constitution itself. More than ever it is important that our freedoms of thought, of creed and of action be clearly defined in our Constitution and understood by Canadians across the land. We certainly expect clear and distinct entrenchment in the proposed preamble to a renewed Constitution of those freedoms and equalities for each and every Canadian. The new preamble should also include in my view a strong call to Canadian patriotism. We must give the Constitution the kind of soul it is still lacking, as we gave it the national anthem and flag.

As far as the Senate is concerned, serious consideration is called for, because Bill C-60 suggested in the original legislative draft that the present Senate be replaced by a so-called House of the Federation with members chosen within provincial legislative assemblies by parties represented in the Commons, for a term equal to that of the original chamber. Bill C-60 therefore called upon the chambers to so amend the Constitution, without constitutional agreement and without previous agreement with our federated provinces, so that the new chamber to replace the current Senate would have powers reduced to that of a 60-day provisional veto, an extended jurisdiction to include the approval of certain nominations, and

a special role in respect of proposals of special language import.

I doubt that our Parliament now has the mandate and authority to make those amendments unilaterally, without constitutional approval of its federated members. To me, this seems somewhat unreasonable. In 1972, the Senate participated in the drafting of the report by the joint committee on the Constitution. The Senate then made excellent recommendations, which unfortunately it did not have the authority to implement and ultimately they failed to get constitutional approval from federated members. At any rate, the central government did not act on the committee's recommendations. We know full well why.

The Special Senate Committee is of the view that:

> Any proposal to deal with the structure and function of a second chamber in a federal parliamentary system must take account of certain basic principles. It is the basic flaw of Bill C-60 that it uses the single test of regional representation. Any such proposal should decide whether the chamber should be elective or appointive. It should consider its role in a system of checks and balances including a check on the executive. It should consider the importance of revision of legislation. It should assess the value of using the chamber to articulate regional interests and the interests of minority groups without frustrating the parliamentary process. It should evaluate its role in the investigation of and report upon issues of great national concern.

I for one am in total agreement with the remarks made by the Special Senate Committee on the Constitution. I feel this is a matter of common sense.

● (1520)

[*English*]

I believe that this proposed House of the Federation, if it ever comes into being, should be, for the greater part at least, appointed. It should not be responsible to an electorate. Appointment to office, as the first report of the Special Senate Committee on the Constitution of Canada states, is not foreign to our public institutions. Indeed, it is used in the case of the judiciary, the public service, crown corporations and, after elections, cabinet appointments. Such appointments are not favours, and they are not made by the party in office to reward the faithful. It goes beyond such reasoning. The appointment of senators on the other side illustrates that, even if such appointments are not made too often.

With good reason, the first report of the Special Senate Committee on the Constitution questions how the proposed House of the Federation could function as the main element in a system of checks and balances, including a check on the executive. The report says:

> Should the House of the Federation, as projected in Bill C-60, reject or delay or amend legislation in a manner unacceptable to government policy, the bill in question could be presented for Royal Assent within months, without its concurrence and in most cases without reconsideration by the Commons. In this way, the will of the executive, exercised through its whips, would prevail regardless of the views held in the second chamber. The committee feels that Canadians would not want to vest such absolute power in the executive.

The existence of a second chamber, the Senate, with a meaningful veto or suspensive power, should be the brake on autocratic behaviour by government.

The report of the Special Senate Committee also points out:

> A House made up of members owing allegiance to so many political leaders and characterized by fragmentation of political opinion could well be an obstructive force in the legislative process, even within the time allowed by the proposed limited power to delay passage of legislation.

I do not believe the House of the Federation proposed by Bill C-60 would be able to promote either regional interests or the interests of minority groups without frustrating the parliamentary process. Our existing parliamentary institutions have good facilities for the expression of the views of each and every region of our nation, and representatives from these regions have historically been the faithful spokesmen for our provinces and regions. There is now good protection of regional interests. The Prime Minister has only to keep on appointing good candidates to either side of the Senate from the regions whenever there are vacancies. The trouble does not lie there at all.

There is a further all-round good protection in our present system since, whenever possible, cabinet ministers are selected on a regional basis. Caucuses of the federal parties are organized on national and regional bases. Senators, according to the British North America Act, should really be appointed on a regional basis. In my opinion, the Senate, with all its faults, is greatly superior to a House of the Federation, such as proposed by Bill C-60, whichever way we look at it.

Bill C-60, which was tabled during the last session, required provincial appointments to the House of the Federation to be made anew after each provincial election. This would prevent any form of stability. It is hard to believe that a House of the Federation, as conceived by Bill C-60 of the last session, could effectively carry out an investigative role in matters of national concern. Having regard for the method of selecting members of the House of the Federation, and their brief mandate, the Special Senate Committee on the Constitution is, I believe, absolutely right in its assessment of the value of such a proposed controversial upper house to replace the Senate.

In the Senate now our field of responsibilities could be further extended by our actively encouraging, in our system of committee studies and inquiries, the direct participation of our fellow Canadians on subjects of national concern. This could also contribute to an appreciable improvement in the working methods of Parliament. This can be done. I believe, by the Senate itself, without outside interference, at any time it chooses. We should not allow the government to impose on us the subjects to be studied. In these matters the Senate should

be fully independent and aloof, and the sole evaluator of their order of priority.

While I agree that our Constitution can and should be streamlined, the Senate need not be downgraded in the process, as some have proposed. Other countries have successfully improved their constitutions, and we can improve ours, particularly by giving it the legal and constitutional streamlining that will enable the Senate to do an even better job than it now does. However, the abolition of the Senate, and its replacement by a so-called House of the Federation, would be a great basic mistake. In my opinion, it would downgrade the quality of our Parliament, its upper chamber and our legislative efficiency. For the good of Canada, I hope this does not come to pass.

Before concluding, I want to point out the absence of provisions for formal national referendums, when required, on questions affecting the nation. The referring of a bill or act of the legislature to the people for decision by vote has, I believe, become important for a modern government. I believe the provinces are agreed on this.

● (1530)

I believe, along with many others, that the central government is making a wrong move by taking a unilateral approach to amendment of the Constitution as proposed in Bill C-60 with respect to the Supreme Court, the Senate, and the Charter of Rights and Freedoms. The Constitution should not be amended unilaterally. It should never be amended without agreement between the central government and the provincial governments. The central government and the provincial governments should approve all changes in the structure of the Supreme Court, the abolition of the Senate, and the restatement of our rights and freedoms. To me, Bill C-60, as originally tabled in the last session and finally shelved, was in no way constitutionally acceptable, the majority of the provinces having repudiated it.

Claude Ryan, the Quebec Liberal leader, is right when he says:

> Canadians of every language, occupation, region and political allegiance should participate fully in what is really the fraternal national project of updating the Constitution.

In spite of the difficulties that have to be faced, the best way to amend the Constitution is still through a constitutional convention that should be called for the purpose of giving it the legal face-lifting it needs and deserves and can be given.

We can surely at least amend the Constitution with respect to those matters on which there is general consensus and agreement, and there are many of them. I do not believe it would be that disastrous to leave the controversial proposed amendments aside for the immediate present, so that we can concentrate on improving the economy of the nation, which I believe has priority number one at this time. It seems to me to be too much to tackle controversial amendments to the Constitution while we must, at the same time, weather one of the severest economic storms of this century, and while the nation is facing severe internal dissension. I believe the country is also of that opinion.

I believe we should rename the committees of the Senate, and call them commissions of the Senate. Possibly we can take this initiative ourselves. It would be more in line with the inquiries, the studies and the investigations we are now making. It would be more realistic insofar as the general public is concerned. I believe it would add to the importance, the prestige, and the usefulness of the Senate and its recommendations. The time has also come to recognize in our Constitution the civil right of access to official documents. Access to them now is too restricted, which reflects in our time thinking which is obsolete.

On motion of Senator Bell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, January 25, 1979**

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

Prayers.

## HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(*i*), moved:

That the name of the Honourable Senator Smith (Queens-Shelburne) be substituted for that of the Honourable Senator Lang on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

## TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, January 30, 1979, at 8 o'clock in the evening.

Before the question is put, I should like to give you a brief summary of the work for next week.

There appears to be little prospect of any legislation reaching us; however, the committee schedule will be heavy, and we propose that the Senate do not sit on Wednesday so that committees can meet all day.

The committee schedule for next week is as follows:

On Tuesday the Standing Senate Committee on Transport and Communications will hold a meeting at 10 a.m. on Bill S-6, the Shipping Conferences Exemption Act, and the Special Senate Committee on Retirement Age Policies will meet at 2 p.m.. The Standing Senate Committee on Legal and Constitutional Affairs will hold an *in camera* meeting at 2.30 p.m. on the subject matter of Bill C-9, the Canada Referendum Act. The Standing Senate Committee on Banking, Trade and Commerce will also meet at 2.30 p.m. on the subject matter of Bill C-15, the Banks and Banking Law Revision Act, 1978.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. and 2.30 p.m. on the subject matter of Bill C-15, and the Special Senate Committee on the Northern Pipeline will meet at 2 p.m. There exists the possibility that the Transport and Communications Committee will also meet on Wednesday to consider Bill S-6, the Shipping Conferences Exemption Act, 1979.

On Thursday the Special Senate Committee on Retirement Age Policies will meet at 9.30 a.m., and the Standing Senate Committee on Banking, Trade and Commerce will also meet at 9.30 a.m. to continue its examination of the subject matter of Bill C-15. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m., and the Internal Economy Committee will hold an *in camera* meeting at the same time.

In the Senate we shall continue the debate on the report of the Special Senate Committee on the Constitution and the report of the Special Senate Committee on the Northern Pipeline. I also understand that it is the intention of Senator van Roggen to proceed with his inquiry on the order paper, which is to call the attention of the Senate to the report of the Standing Senate Committee on Foreign Affairs respecting Canada's trade relations with the United States.

Motion agreed to.

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

ATTENDANCE OF SENATORS AS OBSERVERS—QUESTION

**Senator Bell:** Honourable senators, I have a question for the Leader of the Government in connection with the federal-provincial conference to be held on February 5 and 6 next.

My question relates to the provisions to be made for the attendance of senators at that conference. By way of background, it took quite a bit of arranging for senators to gain access to the Federal-Provincial Conference of First Ministers on the Constitution in October. As for the Federal-Provincial Conference on the Economy that followed in late November, there was no provision for the attendance of honourable senators as observers.

Knowing how vitally concerned the government is that the provinces have more rapport with the central government and input into its policies, I am confident that some sort of arrangement will be made for the attendance of honourable

senators at that forthcoming conference. It would also be helpful if we could be provided with a copy of the agenda in advance of the meeting.

**Senator Perrault:** Honourable senators, an inquiry has gone forth in that respect. It is hoped that adequate arrangements will be made for the attendance of honourable senators at the conference.

## TASK FORCE ON CANADIAN UNITY

### TABLING OF REPORT—QUESTION

**Senator Flynn:** Honourable senators, in view of the fact that my information is that the Report of the Task Force on Canadian Unity has been tabled in the other place, and in fact has been widely distributed there since this morning, can the Leader of the Government inform the Senate as to why that report was not tabled in the Senate today and why those of us on this side at least were not provided with a copy of that report?

**Senator Perrault:** Honourable senators, the Report of the Task Force on Canadian Unity will be tabled in the other place at approximately 3 o'clock this afternoon. If we are sitting at that time, the report will be tabled simultaneously in this chamber. I can inform honourable senators that as yet I have not received a formal copy of the report.

**Senator Flynn:** It seems to me essential that the Leader of the Government should receive an advance copy of the report.

**Senator Goldenberg:** Honourable senators, if I may interject, I asked my secretary this morning if she would try to get me a copy of the report, and a copy was on my desk when I came back from lunch.

**Senator Flynn:** Perhaps my secretary is not as efficient as yours, but I don't know through which door your secretary went.

**Senator Goldenberg:** I was in no way reflecting on the efficiency of the excellent secretary of the Leader of the Opposition.

**Senator Flynn:** I hope not. She would not like it.

## AGRICULTURE

### OFF-TRACK BETTING—QUESTION

**Senator Robichaud:** Honourable senators, I have a question for the Leader of the Government. Has he received an official request from the Department of Agriculture with respect to referring the question of off-track betting to a committee of the Senate?

**Senator Perrault:** Honourable senators, the Minister of Agriculture has requested the Senate to consider the possibility of undertaking a study of off-track betting. I indicated to the minister that I would do my best to have a resolution introduced in the Senate, and honourable senators can then determine whether they wish to have this subject discussed by one of our appropriate committees.

• (1410)

**Senator Grosart:** Honourable senators, I have a supplementary question for the leader. With respect to the suggestion that the Senate make a study of off-track betting, will he give consideration to whether it might not best be handled by a special committee rather than by one of our existing committees? I ask this because there is already evidence that many witnesses will wish to be heard, and so it might be more appropriate to the efficiency of the operations of other committees if a separate committee dealt with this subject.

**Senator Perrault:** Honourable senators, that suggestion is very much appreciated. It may well be that the question should be referred to a special committee or to a subcommittee of one of our standing committees. However, I shall be pleased to discuss the matter with the Leader of the Opposition and his deputy.

I may say that in requesting that the Senate look into this question, the Honourable Eugene Whelan made a special point of stating that the Senate had done outstanding work in its committee deliberations in the past two or three years. He made specific reference to the Kent County report, and to a number of other Senate studies. I want to say how much we appreciate the praise that has been directed to the Senate by the Minister of Agriculture.

**Senator Flynn:** Did the Minister of Agriculture, or any other minister, praise the Senate for the work it did on Bill C-14 in the Senate chamber?

**An Hon. Senator:** Yes.

**Senator Perrault:** That meritorious situation was so self-evident that it may not have required special note.

**Senator Flynn:** I agree with you. It was self-evident.

**Senator van Roggen:** Honourable senators—

**Senator Flynn:** And Senator van Roggen was one of the architects of the job done on that occasion.

**Senator van Roggen:** What is the Leader of the Opposition accusing me of now?

**Senator Flynn:** I am saying that you were one of the architects of the good work done on Bill C-14 on December 21 and 22.

**Senator van Roggen:** That was before Christmas. I enjoyed a lovely Christmas since then.

## FISHERIES

### REPORT OF SINCLAIR COMMISSION—QUESTION

**Senator Williams:** Honourable senators, I would like to direct a question to the Leader of the Government. I understand that the report of the Sinclair Commission, which has been studying licensing with respect to fisheries in the Pacific

region, has been in the hands of the government for some time. When will that report be made available to the public?

**Senator Perrault:** Honourable senators, that question will be taken as notice.

## TASK FORCE ON CANADIAN UNITY

RECOMMENDATIONS RESPECTING PARLIAMENT—QUESTION

**Senator van Roggen:** Honourable senators, I wish to ask the Leader of the Government a question. It would appear from the news reports on the radio today that Mr. Robarts and Mr. Pepin, the Co-chairmen of the Task Force on Canadian Unity, have become authorities on the reform of both the House of Commons and the Senate, or at least they consider themselves to be so.

Can the leader give us any indication of any evidence that may have been taken at any time by that commission from any members of either house?

**Senator Perrault:** First, it seems to me that it may be of value for all honourable senators to read the report in its entirety before offering any comment about the merit of any of the proposals contained in it. Secondly, the government does not necessarily feel bound by any of the recommendations of the Unity Task Force, just as no government is bound by recommendations which may ensue from royal commissions and white papers from time to time. Thirdly, as Leader of the Government in the Senate I have received no direct request from the Unity Task Force for any special meetings of senators, or any special meetings in the Senate, in order to determine some of the views of honourable senators, although I understand that some senators testified before the committee.

In this regard I dare say that the Senate has spent as many or more hours studying the question of Senate reform than the Unity Task Force because of the time limitations imposed on the Unity Task Force and the necessarily wider range of its terms of reference.

**Senator Smith (Colchester):** Perhaps by way of a question of privilege I can participate in this discussion.

I might say that I appeared before the Unity Task Force when it was in Halifax, but the question of reform of the Senate was certainly not discussed in my presence, so it would be a mistake to say that I offered any opinion on either the House of Commons or the Senate.

**Senator Perrault:** Then I understand that no questions were put to Senator Smith with respect to his views on reform of the Senate.

**Senator Grosart:** That is what he said.

**Senator Smith (Colchester):** There were none that I recall.

**Senator Robichaud:** I can say the same thing because I attended the whole session in Moncton and no reference was ever made to the House of Commons or to the Senate and no question was asked, so I do not know how they reached those conclusions. They have not made a study such as we have.

[Senator Williams.]

[*Translation*]

**Senator Langlois:** What is the point? They know it all.

[*English*]

**Senator Perrault:** Honourable senators, I shall withhold any detailed comment on this Unity Task Force report until I have an opportunity to read it at some length. That may take a few days. After honourable senators have had a chance to study the contents of the report, perhaps they would consider a debate in the chamber on the Unity Task Force report. That is something that can be discussed.

**Senator Flynn:** Apparently Senator Robichaud has already formed an opinion.

## TRANSPORT

MOTOR VEHICLE SAFETY—TIRE PRESSURE SURVEY—QUESTION ANSWERED

**Senator Perrault:** I have a reply to a question put by Senator Smith (Colchester) on December 12 last with regard to tire inflation. He asked whether the government had authorized a survey or study to ascertain whether the owners of Canadian motor vehicles are correctly inflating their tires.

Following the investigation of over 600 complaints of alleged tire defects in 1978, Transport Canada investigators became aware that many of the tire failures had been associated with the underinflation of the tire. Underinflation leads to the irreversible deterioration of the tire which, in turn, leads to tire failure. Correct tire pressure contributes to improved safety and vehicle control as well as better gas mileage and longer tire life.

To provide a clearer understanding of this problem a nationwide survey of automobile tire pressures was conducted in early December. The survey and the coding of the data, which is to be completed by early January—and presumably that has been completed by now—will cost $25,000. The findings will be used to assess the need for countermeasures, possibly under the Motor Vehicle Tire Safety Act.

The field survey of 750 households, which included an interview with the principal driver of the car and a check of the air pressure in the tires, was completed before Christmas. The data for all regions in Canada are now being brought together, coded and tabulated. A report on the findings is expected by the end of January 1979.

## NEWFOUNDLAND

SEARCH FOR MISSING VESSEL—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have a reply to a question put by Senator Marshall on December 20, 1978. Senator Marshall asked that the minister order an inquiry into the loss of the fishing vessel *Barra Cudina*.

I can inform the Senate that a preliminary inquiry was carried out and that at the date when this material became available to me the minister's decision on whether or not to order a public inquiry had not been taken, but was expected

shortly. I cannot say whether there has been an announcement in recent hours.

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS

**Senator Perrault:** Senator Rowe asked if the Leader of the Government knew whether the use of the social insurance number in respect of—

**Senator Asselin:** He is not here.

**Senator Perrault:** Senator Asselin has made a valid observation. In view of the fact that Senator Rowe is not here, and this is a technical matter, perhaps we can leave it until he is present.

• (1420)

**Senator Flynn:** You could not reply to the question posed by Senator Austin because he is not here today.

**Senator Perrault:** He was in his place.

**Senator Flynn:** Yesterday you said he is usually here.

### USE FOR INCOME TAX PURPOSES—QUESTION ANSWERED

**Senator Perrault:** Senator Smith (Colchester), Senator Flynn and Senator Guay asked questions with respect to the use of social insurance numbers for income tax purposes. They are in their places today, so they are in a position to challenge any of the answers I shall provide to their questions.

The requirement to withhold 25 per cent of the amount payable on the cashing of Canada Savings Bonds when a social insurance number is not supplied is a particular application of a general provision of the Income Tax Act found in section 234(5). Under the heading "Withholding," it states:

> Where an amount is to be paid . . . to a resident of Canada . . . in circumstances where an ownership certificate . . . is required to be completed and the ownership certificate does not contain a Social Insurance Number . . . the person paying the amount shall deduct or withhold an amount equal to 25 per cent thereof and shall forthwith remit that amount to the Receiver General of Canada on account of the individual's tax for the year—

If the tax owed by the individual is less than the amount withheld, the individual can claim a refund of the difference.

The suggestion by Senator Smith (Colchester) that there is a breach of the contract under which the bonds are sold is not correct, any more than it would be correct in the case in which an individual is hired for a job at a specific salary from which the employer is required to withhold income tax, Canada Pension Plan, Unemployment Insurance, Hospital Insurance and other levies.

The Leader of the Opposition asked a question concerning stolen bonds and the government's sharing in the "fruits of the theft." I think those are the words the Leader of the Opposition employed. Everyone relies on the banking system to establish the proper identity of individuals in connection with countless millions of other financial transactions, and the fact that the person cashing interest coupons has to identify himself or herself is considered an adequate protection against any significant abuse.

There was a suggestion in one question posed by Senator Guay that the proceeds from the sale of a bond are subject to the 25 per cent deduction when a social insurance number is not provided. Only the interest is subject to the deduction and, as was said, the amount deducted is refundable if not required to discharge a tax liability.

### REQUIREMENT FOR DOMESTIC AIR CHARTER BOOKINGS—QUESTION ANSWERED

**Senator Perrault:** On December 14 Senator Roblin asked the following question:

> Honourable senators, I would ask the Leader of the Government whether he is aware that another one of these unusual uses for the social insurance number has surfaced. The Canadian Transport Commission now requires that all domestic air charter passengers provide their social insurance number or other valid identification number if they wish to use the advanced booking system.

The regulations governing Advance Booking Charters are contained in the Air Carrier Regulations issued by the Canadian Transport Commission pursuant to its legislative authority contained in the Aeronautics Act and National Transportation Act. The Air Carrier Regulations provide, *inter alia*:

> 43.56—At least thirty days prior to the date of departure of the outgoing portion of an ABC (domestic), the air carrier responsible for that portion shall file with the Secretary . . .
>
> (d) a list obtained from each charterer . . .
>
> (ii) identifying each passenger by surname, given names, address and social insurance number or number of another valid identification document, and showing, in alphabetical order, all passengers on the outgoing and return portions of the ABC (domestic) in accordance with their respective reservations.

In order to ensure that only those persons who have met the advance booking criteria are allowed to travel on ABCs, a passenger list for each ABC flight is required to be filed with the Air Transport Committee of the CTC 30 days before the date of the flight. Positive identification of passengers is achieved by having an identification document number included together with the passenger's address.

In the case of international ABCs, a passport number is usually quoted, but in many cases passengers have supplied their social insurance number in lieu, as they may not have obtained a passport 30 days before flight, or may be travelling to a destination country which does not require a passport. Consequently, the social insurance number was considered acceptable as a form of identification, and was used as an example in the regulations respecting domestic ABCs. It is not mandatory in the sense that other forms of identification are equally acceptable. Birth certificates, drivers' licences, pass-

ports or other government-issued identification documents would serve equally well.

It has been the committee's experience that the travelling public has voluntarily provided social insurance numbers as identification for international ABCs where passports were not in hand at the time required. It was only a logical extension of this practice for domestic ABCs, and the option of using other identification is available to the public. The commission however recognizes the sensitivity of specific reference to the provision of social insurance numbers, and is in the process of amending the Air Carrier Regulations to delete this specific reference.

I am sure this information will be of substantial interest to Senator Roblin.

**Senator Flynn:** I have a supplementary question. If identification were supplied by means of a birth certificate alone, would that be considered valid identification? I do not think I would recognize the Leader of the Government on the basis of his birth certificate alone.

**Senator Perrault:** This is one of the documents which, in the opinion of the authorities, at least, serves equally as well as a social insurance number. Senator Flynn is entitled to his opinion as to whether or not it is, in fact, as valid.

**Senator Guay:** My recollection is that I directed a supplementary question to the leader to determine whether the taxpayer would be entitled to a refund of this 25 per cent withholding penalty if he produced a social insurance number at a later date.

**Senator Perrault:** That question will be taken as notice.

**Senator Flynn:** That is obvious. If he can be identified later on, there is no problem. I asked how much of the unclaimed money the government had been able to retain. I did not receive an answer to that question.

**Senator Perrault:** As I recall, that information was provided earlier.

**Senator Flynn:** You said that information was not available. If the money is in the government's hands, it must be accounted for somewhere.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Bell*).

**Senator Bell:** Honourable senators, I hope to take part in this debate on February 7. If anyone wishes to speak on this matter in the meantime, I hope they will do so.

Order stands.

[Senator Perrault.]

## NORTHERN PIPELINE

FIRST REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to Senator Guay.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*Translation*]

**Hon. Joseph Guay:** Honourable senators, I wish to thank you for giving me the opportunity of making a few comments on the proceedings of the Special Committee of the Senate on the Northern Pipeline.

[*English*]

Since I have a relatively short period of time in which to discuss this complicated matter of expropriation, I wish to make just a few general remarks regarding the committee's approach before making some specific points about which I am particularly concerned.

By way of setting down my frame of reference permit me to reiterate the committee's broad goals, which can be summarized as being an attempt to reform the expropriation rules under the National Energy Board Act. These rules have not been revised for years, and have, therefore, fallen behind provincial expropriation laws. This reform has as its basic thrust the desire of our committee to provide a fair method of taking land from owners within a framework which provides for their protection. The goals are as commendable as they are difficult to achieve and, to this end, I should like to caution this chamber against haste. The National Energy Board Act has stood for some 20 years, and we in the Senate must bear in mind that our own efforts may also stand for some 20 years to come and may affect some hundreds or thousands of landowners. I certainly feel that it is better for us to work well than to work too quickly.

● (1430)

It is also important that our reforms not only do justice for the landowners involved, but that they provide this justice in a way which would allow the landowner to feel that the system, as we shall set it up, will be responsive to his concerns. The landowner must not only have justice done to him, but he must also know that he has had some effective input into the final just result.

Now that I have made my few general comments, let me remind my colleagues that the fundamentals of expropriation are as simple as they are painful. Expropriation, at its simplest, consists of taking land for worthy national or community projects from unwilling owners, and of setting an appropriate level and form of compensation for that taking. To the extent that the owners are unwilling it is important that the expropriation be as painless and as fair as possible.

Keeping that in mind, I have looked at the period of time allowed for an appeal from a decision of the arbitration board in our proposed section 75(9), and I see that it is to be one month. I feel that is too short a period of time. Surely, in a situation as difficult and complex as an expropriation, we can see our way clear to allowing the landowner at least 60 days, or, in my humble opinion, 40 working days, so that he may consult his advisers and they are enabled to prepare his case properly. I feel that this is not an unduly long period of time because I know how lawyers feel about time restrictions. The landowner may take as long as 30 days before he makes up his mind to appeal. I hope, therefore, that the committee will give consideration to my request.

I should like to quote a newspaper article, copies of which all members of the Special Senate Committee on the Northern Pipeline have received. It is an article written by Rudy Platiel which appeared, in the *Globe and Mail* of January 4, 1979, and it speaks for itself. It is headed "Farmers win oil pipeline damage suit," and it states:

> In a decision that could drastically alter the handling of future pipeline construction, a County Court judge has awarded three London area farmers a total of $119,-387.18 in compensation for agriculture damage.
>
> Middlesex County Judge Gordon Killeen based the bulk of his award on the entire replacement of topsoil over a pipeline built through the farmers' land.
>
> In handing down his judgment last week, Judge Killeen said the case would probably not have occurred if Interprovincial Pipe Line Ltd. had followed the 1974 recommendations made by a consultant hired by one of the farmers.
>
> Geoffrey Bladon, lawyer for two of the farmers, Peter Lewington and Stuart O'Neill, said the award is the largest he knows of in such cases . . .
>
> But Judge Killeen accepted the evidence of consultants and the three farmers that for all practical purposes the soil productivity is permanently damaged and the only alternative is to replace the topsoil completely.

I am only reading part of the article, which goes on to say:

> Judge Killeen said he found the major thrust of the farmers' complaints have been substantiated "overwhelmingly on the evidence."
>
> He said a report prepared by planning expert Norman Pearson, hired by Mr. Lewington, and presented to the 1974 National Energy Board pipeline hearings in Ottawa, should be "considered in retrospect of a prescient character in that it zeroed in on all of the major issues put before me . . ."

In the last part of the article it is stated that Mr. Pearson gave evidence as follows:

> He told the court that stripping and stockpiling of topsoil in 1976 was "done negligently" with the result that the soil in the pipeline right-of-way was "virtually sterilized."

Judge Killeen awarded the damages I mentioned before.

The article further states:

> IPL officials have said that no more than about 12 of some 2,200 landowners whose property was crossed are "giving the company trouble" over settlements.

This comment relates directly to some of the matters which I wish to raise today. Many of these farmers do not have the money—which I think is a most important consideration—to pay for such law suits. They are reluctant to place their savings at the mercy of lawyers who represent them in cases like that, particularly when they are fighting governments or large companies. It is for these reasons that there were so few who appealed or complained. The land was taken from them, and that was it.

Once the pipeline is built, it will be there for many years. Surely we can allow the landowner a few extra days in which to decide whether to appeal, and to be prepared when his appeal is heard. We wish the expropriation rules to be fair and efficient, but we do not want them to completely bulldoze the landowner who, we must remember, has many normal, human concerns to occupy his time and thoughts.

Proceeding from this point, let me make one other related point. We have incorporated into our proposal the requirement that the board send out a notice and a certified copy of its decision to both the company and the landowner. I feel that we should require the important time limit and the effect of the board's decision to be set out in that notice in plain and simple language. Such a critical decision should not be conveyed in legal words which confuse a landowner who is almost certain to be less sophisticated than a large pipeline company.

● (1440)

Following the expropriation, there then comes the matter of setting the amount and form of compensation. The amount of compensation should, so far as possible, be determined by agreement between the parties. The compensation, however, may take one of three forms. First, it could be a once-only lump sum payment. That form of compensation is simple and efficient to administer, but, over the long term, very often unfair.

There may be, for example, a continuing loss of value over the years. Such a loss would not be easily calculated at the time of expropriation. The landowner might also incur unforeseen costs as a result of future drainage and access problems arising out of the pipeline traversing his lands. Also, should there be environmental damage as a result of a pipeline accident, all lands through which pipelines have been constructed would be devalued. One must remember that reports of such an accident would receive wide circulation, and could cause uneasiness among those living or working near a large diameter pipeline.

We had representatives of the Canadian Petroleum Association before the committee yesterday, and I took the opportunity at that time to inquire as to what might happen were they to construct a pipeline through or close to a subdivision. Their answer was that a pipeline could be built through a subdivision

provided they had an extra 30 feet on each side of their normal right-of-way. That causes me some concern. One can well imagine the damage and injuries that would result in the event of an explosion or other accident involving a pipeline running through a subdivision.

While I am on the subject of damages, I should like to quote from a letter from a farmer whose land was expropriated for the construction of a pipeline and on whose land an accident occurred. The letter reads, in part, as follows:

> A few years ago, a pipeline northwest of my location, exploded and burnt a farmer's combine. Luckily, no one was injured. He happened to be harvesting on the right-of-way just at the time. The combine was replaced by the oil company concerned but he was told the oil company did it as an act of kindness and was not compelled to replace any property damaged.

He goes on to say:

> If this is the situation and should there ever be a similar incident on my farm concerning any part of my family or property, what protection, if any, do I have? If suddenly I am faced with the fact that I might have to replace the entire cost of damaged property at today's prices, I would be forced to cease farming operations; especially when you consider a combine at the cost of $20,000 to $50,000 or even one cow at $500 to $1,000, not to mention the unreplaceable.

He goes on to raise the question of where responsibility would lie in the event that an explosion on his property damaged his neighhour's property.

The committee will have to deal with these questions, and certainly the pipeline companies will have to spell out in clear terms what their intentions and policies are in this respect.

So, it is clear that the lump sum form of payment has its drawbacks. The second form compensation might take is that of an annually negotiated payment. This form of compensation would probably be unacceptable on a large scale since it would involve the pipeline company engaging in negotiations every year with a large number of landowners. It would probably also require a large and expensive bureaucracy on the part of both the National Energy Board and the pipeline company to make it work.

It is quite an easy matter to find out who are the owners of a given piece of property. An inquiry directed to the municipal authorities will provide the necessary information in fairly short order. Any contention by the pipeline companies that it would be a burdensome task to determine who the property owners are from time to time should be disregarded.

Perhaps the most acceptable form of compensation is that suggested by the Canadian Petroleum Association in its brief, that being compensation in the form of annual payments revised every five years or so. This form of payment has the advantage of flexibility as well as providing some stability over a period of time. It might be the acceptable compromise solution to the problem of finding an acceptable form of compensation that is both fair to the landowner and easy to administer.

In closing, let me reiterate that we must amend section 75(1) of the National Energy Board Act. A revised expropriation appeal procedure must be fair and accessible to both large and small landowners, and, in order to be fair and accessible, it must be inexpensive. The cost of expert help may deter landowners from attempting to voice their concern in the light of what they may view as the futility of taking on big business and big government. Surely, it is up to the Senate of Canada, and in this case the Northern Pipeline Committee, to concern itself with providing the greatest possible protection for landowners, especially in those cases where the government provides assistance to the private sector in expropriating lands for necessary projects—and there is no question that this is such a case.

I thank honourable senators for this opportunity to say a few words. I would not want my comments in this debate to be regarded as my maiden speech in the Senate. I hope I will be given the opportunity of making my maiden speech at a later date.

**Senator Barrow:** I wonder if I might ask the honourable senator a question. Is there not now a provision under the Expropriation Act for the landowner to recover his full legal costs in connection with the filing of an appeal and contesting an expropriation?

**Senator Guay:** I do not believe so, senator. I am not an expert in this area, but certainly I do not believe that is the case under the act with which we are concerned in this case. I want to make sure that the landowners in this case do have that protection, and I believe it is the responsibility of the Senate to provide it.

**Senator Flynn:** Has the committee considered the federal expropriation law in respect of this situation? You referred to the expropriation provisions under the National Energy Board Act, and I agree with you that those provisions may be deficient in some respects.

**Senator Guay:** The expropriation laws are behind the times. Most of the provinces have updated their respective expropriation acts, and the National Energy Board Act is not bad at all. It was last amended in respect of its expropriation provisions in 1973 or 1974. The chairman of the committee may be able to provide more details in that respect.

It is my view that section 75(1) of the National Energy Board Act requires amendment. The chairman of the committee, in fact, has already done a substantial amount of work on such an amendment, and I would like to take this opportunity to congratulate him on his work to date. I am a latecomer to the committee, but it is obvious that both the chairman and the committee have done a marvellous job to date. I can assure honourable senators that the committee is in good hands, and no doubt when the committee reports it will provide honourable senators with all the details pertaining to this matter.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until Tuesday, January 30, at 8 p.m.

# THE SENATE

**Tuesday, January 30, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report entitled "A Future Together: Observations and Recommendations," dated January 1979, of the Task Force on Canadian Unity, appointed by Orders in Council of 5 July 1977, P.C. 1977-1910, 24 August 1977, P.C. 1977-2361 and P.C. 1977-2362, and 28 February 1978, P.C. 1978-573, pursuant to part I of the Inquiries Act (Hon. Jean-Luc Pepin, P.C. and Hon. John P. Robarts, P.C., Co-chairmen).

Report on Government Annuities, together with the Auditor General's Report on the Accounts and Financial Statements, for the fiscal year ended March 31, 1978, pursuant to section 18 of the Government Annuities Improvement Act, Chapter 83, Statutes of Canada, 1974-75-76.

Document entitled "Policy for Canada's Commercial Fisheries," dated May 1976, issued by the Minister of Fisheries and the Environment.

Capital Budget (Revision No. 2) of Central Mortgage and Housing Corporation for the year ended December 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1978-3895, dated December 21, 1978.

Memorandum to the President of the Treasury Board, dated November 17, 1978, concerning the estimate of funds available in the Public Service Supplementary Retirement Benefits Operating Account for the three years beginning January 1, 1979, in accordance with Bill C-12, An Act to amend the Supplementary Retirement Benefits Act, the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act.

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the financial year ended October 31, 1978, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 12 of the Department of Supply and Services Act, Chapter S-18, R.S.C., 1970.

## INCOME TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden** moved, seconded by Senator Laird, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-37, intituled: "An Act to amend the statute law relating to income tax, to amend the Canada Pension Plan and to provide other authority for the raising of funds," in advance of the said bill coming before the Senate, or any matter relating thereto.

**Senator Flynn:** Honourable senators, I want to put on the record the same caveat I made last week in respect of a similar motion. The same applies to the present case.

This, of course, is not directed to the chairman of the committee but to the Leader of the Government.

Motion agreed to.

## EXCISE TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden** moved, seconded by Senator Laird, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-38, intituled: "An Act to amend the Excise Tax Act," in advance of the said bill coming before the Senate, or any matter relating thereto.

**Senator Flynn:** Honourable senators, the comment I made with respect to the previous motion also applies to this motion.

Motion agreed to.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Thursday, February 1, 1979, at 2 o'clock in the afternoon.

Motion agreed to.

● (2010)

## INCOME TAX

### ALLEGED GARNISHEEING OF CHILD TAX CREDIT—QUESTION

**Senator Marshall:** Honourable senators, I have a question for the Leader of the Government in the Senate about a very serious matter. It has to do with the objectives of Bill C-10, the act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973.

I ask the leader if he would seek clarification to confirm something concerning the benefit of $200 per child directed to the mothers in lower income categories. In cases of where, for justifiable reasons, families may have fallen behind in their income tax obligations, is it the intention of the government, as was brought to my attention just a few hours ago, to garnishee those amounts to which mothers are entitled to meet the amounts owed by the parents. I think this is a very serious situation, and one which should be corrected. We could serve a useful purpose by clarifying that.

**An Hon. Senator:** Shameful!

**Senator Perrault:** Honourable senators, as this is the first occasion on which I have heard about this alleged situation, I shall take the question as notice.

**Senator Marshall:** Honourable senators, I would like to rise on a point of order to explain the case. It has to do with a family on a very low income of some $400 a month. When one takes out the rent and other obligations of $150, and understands that the mother has two anemic children who have to be provided with foods that are necessary for their well-being, it is clear that such a matter should be considered seriously. I know that the leader, in his sympathetic consideration, will do that, and we will have a quicker answer than could be obtained through the normal procedures of the House of Commons.

**Senator Perrault:** Honourable senators, this government has always demonstrated a great compassion for the lesser privileged in our society. I would appreciate it very much if the honourable senator would provide me this evening with the details of this case, including the name and address of the party in this distressed condition. On receipt of that information, I will personally bring the matter to the attention of the minister concerned to see what can be done to alleviate the problem.

## THE ECONOMY

### FOREIGN EXCHANGE CONTROLS—QUESTION

**Senator Roblin:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate with respect to the matter of foreign exchange controls.

In view of the fact that the current account deficit for 1978 was approximately $4.5 billion, and in view of the fact that current estimates show a similar deficit for 1979, what consideration has the government given to imposing foreign exchange controls on the Canadian economy as a move to support this immense deficit?

**Senator Perrault:** Honourable senators, Senator Roblin, with his extensive background as premier of one of Canada's great provinces, understands, of course, that the kind of information he seeks cannot be dispensed in random fashion, either in this house or the other place, because of its vast economic ramifications. However, an inquiry will go forth to the Department of Finance and that information which is in the public interest and which can be dispensed prudently, will certainly be made available.

**Senator Roblin:** By way of a supplementary, if it is not the intention of this government to support the current account deficit in the fashion described, what other measures does the government have in mind in this respect?

**Senator Perrault:** Honourable senators can take great heart, I think, from the—

**Senator Smith (Colchester):** The drop of the dollar to 83 cents U.S.!

**Senator Perrault:** —great improvement in the Canadian economy in recent weeks and the excellent showing Canadian merchandise is making in export sales.

Honourable senators, I am sure, are aware of the fact that one of the reasons for the current foreign exchange situation is the fact that many Canadians, enjoying the fruits of a certain degree of prosperity, are able to take extended vacations abroad. That is one of the sources of our exchange problems, and I am sure the honourable senator is aware of that. On the merchandise trade side, great progress is being made.

**Senator Smith (Colchester):** Blame it on anybody but the government.

**Senator Roblin:** I certainly subscribe to that remark. Has my honourable friend any comment to make on the fact that in the other place last week the Minister of Finance dealt with the same question by saying—and I think I am quoting him accurately—"We have no intention at this time to impose controls on foreign exchanges in Canada"? Would that not constitute clear warning to all of us that controls will be considered at some time?

● (2015)

**Senator Perrault:** Honourable senators, it seems to me that that is precisely the kind of reply a responsible Minister of Finance should have given in the other place. I think that if one studies the records of the great province of Manitoba, one will see that there have been no occasions when the former premier of that province has ever announced in advance any budget proposals or any financial proposals.

**Senator Roblin:** Honourable senators, I am glad that my activities in another place should have received such close scrutiny on the part of my honourable friend. I feel flattered. I did not know he took such a close interest. But I can tell him that I do not think I was ever guilty of hedging my bets in

quite such a blatant fashion as does the statement which I have just quoted.

## NEWFOUNDLAND

### SEAL HUNT PROTEST ACTIVITIES—QUESTION

**Senator Marshall:** Honourable senators, I wonder if I could direct another question to the Leader of the Government. This has to do with a question I raised a couple of months ago with regard to an American by the name of Cleveland Amory whose activities include "conning" innocent people into giving money to protest against the seal hunt in Newfoundland. Could the leader find out and report to this chamber in the near future whether indeed a ship known as the *Sea Shepherd* has been granted a licence by the Minister of Fisheries and the Environment to attend the seal hunt when the intention is to interfere with other ships that are legitimately prosecuting the seal hunt?

**Senator Perrault:** Honourable senators, I have no information on that question. It must be taken as notice. However, the Government of Canada has never engaged in illegal ativities designed to disrupt the seal hunt.

**Senator Marshall:** Honourable senators, I would inform the Leader of the Government that I am in full accord with the direction of the Minister of Fisheries and the Environment with regard to the seal hunt. I know that he would want this brought to his attention, and I also know he will direct the corrective action which is necessary.

[*Translation*]

## TASK FORCE ON CANADIAN UNITY

### IMPLEMENTATION OF RECOMMENDATIONS—QUESTION

**Senator Asselin:** Honourable senators, I have a question for the Leader of the Government. In a joint report to the government in 1972, a joint committee of the House of Commons and the Senate recommended a number of constitutional changes. I remember that at the time some of those recommendations did not seem to please the government. The joint report was therefore shelved without having been discussed in either the Senate or the House of Commons.

In view of the differences that seem to exist between the opinions expressed by the Prime Minister and the conclusions of the report, especially with regard to the linguistic rights of minorities, I should like to find out from the Leader of the Government whether the report of the Task Force on Canadian Unity stands a chance of meeting the same fate as the joint report of the Senate and the House of Commons in 1972, that is, of being shelved and never heard of again?

[*English*]

**Senator Perrault:** I am sure that all honourable senators are aware that this government, like previous governments, authorizes from time to time the formation of royal commissions and other studies to assist in policy development. The recent report that has been issued, a copy of which was tabled in the Senate this evening, together with the report referred to by Senator Asselin, forms part of the resource material that will be available to the government when the time arrives for finalization of certain constitutional proposals.

No government is required to follow implicitly the recommendations of any royal commission or any study authorized by Parliament. Honourable senators are aware of that. The consensus is that the 1972 report was an excellant report and has been of real use to the government in its initiatives toward constitutional evolution in this country. The recent report, which is now being read by parliamentarians and Canadians from coast to coast, is another useful and interesting document.

• (2020)

**Senator Flynn:** A slow ship to China.

[*Translation*]

**Senator Asselin:** A supplementary question. Does the Leader of the Government not feel that if the government had started implementing some of the recommendations contained in the 1972 joint Senate and Commons report, Canada might not be going through the present constitutional crisis, since some changes would already have been made and the Canadian people might be satisfied with them, so that the present crisis would not exist?

[*English*]

**Senator Perrault:** Honourable senators are aware that the whole process of constitutional reform is a difficult one, and in some ways it has followed a tortuous path. Instant implementation has never been anticipated for any constitutional reform proposals at any time.

And surely it is not for me to speculate on what might have been. Our task, given the facts as they exist in 1979, is to proceed to bring about those changes which will clearly lead to a more effective Confederation. That is the task to which we must dedicate ourselves.

### TERMS OF REFERENCE—QUESTION

**Senator Olson:** In view of the allegation, at least, if not the fact, that the first report of the Task Force on Unity—

**Senator Flynn:** The last report.

**Senator Olson:** Well, I understand there are going to be some more, so I am referring to it as the first. In view of the fact that this was published earlier than was announced or anticipated, I wonder whether the Leader of the Government can tell us whether this indicates that the First Ministers' Conference will be focusing its attention on some of those matters raised—and the one that I am particularly interested in is the distribution of some of the revenue from resources among the provinces.

**Senator Perrault:** Honourable senators, it can be expected that the Conference of First Ministers, which will take place early in February, will focus on some of the concerns expressed in that task force report.

The report, *A Future Together*, expresses the task force's belief that a serious situation exists in the country. That appears to be one of the reasons why the production date of this first report was advanced. The task force members perceive a "crisis" situation, as they describe it in the opening pages.

No one really knows what is going to evolve from the meetings of first ministers. However, as I have said, one would expect that the task force report, or parts of it, would be discussed either formally or informally at the meetings.

**Senator Olson:** Honourable senators, I have a supplementary question. I wonder if the government leader can advise whether or not the terms of reference of the task force included the redistribution of natural resource revenue? If it did, I think it is news to those people who appeared at the hearings; yet the task force has come up with a recommendation regarding some fairly massive redistribution of natural resource revenue. I am curious as to whether or not that was contained in the terms of reference, so that people could have been expected to comment on it.

**Senator Perrault:** Honourable senators, references to resources were not specifically contained in the terms of reference of the task force. Is the honourable senator suggesting that members of the task force should have met with people in the resource industry to obtain their opinions?

**Senator Olson:** No. The suggestion that I am making is that if those people who appeared before the task force hearings across the country had known that this redistribution was going to be taken into account, surely they would have had some recommendations to make and some opinions to express respecting that matter. The task force has now come up with a fairly specific recommendation, and it seems to me that it was based on something other than what the witnesses—if you want to call them witnesses—were invited to comment on.

**Senator Perrault:** Equally it has been said by some senators that had they been aware that the task force planned to advance such specific recommendations about the future of the Senate, they would have sought opportunities to place their views before the Task Force on Canadian Unity. Some have suggested that the task force might have sought an opportunity to meet with parliamentarians here in Ottawa so that senators and members of the other place—those with a working knowledge of Parliament and those here concerned with Senate reform—might have had an opportunity for input before the report was issued.

● (2025)

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS

**Senator Perrault:** Honourable senators, I have one reply to a question which is of long standing. With the indulgence of honourable senators, I will give it now. This dates back to November 30, and relates to SIN and the armed forces. I refer, of course, to social insurance numbers. The question was asked by the Honourable Senator Rowe.

**Senator Marshall:** Senator Rowe is not here.

**Senator Perrault:** I see. Well, I will leave it until tomorrow.

**Senator Flynn:** Do you have one for Senator Austin? He is away, too.

## PUBLIC WORKS AND URBAN AFFAIRS

### RESPONSIBILITY FOR HOUSING—QUESTION ANSWERED

**Senator Perrault:** The next reply is to a question regarding housing, which dates back to November 30 as well. This is a rather aged question.

**An Hon. Senator:** Aging?

**Senator Perrault:** Senator Marshall's question was as follows:

> My question concerns low rental housing for veterans, and additional benefits provided veterans under the Assisted Home Ownership Program. These are important matters for veterans, so I would appreciate any information the leader can provide on this subject.

The reply is as follows:

With respect to low rental housing for veterans, an agreement between the Minister of Veterans Affairs and Central Mortgage and Housing Corporation was signed on August 30, 1976, and amended in July 1977. Under this agreement, the Minister of Veterans Affairs may approve grants, not exceeding 10 per cent of the capital costs, to non-profit corporations obtaining loans under section 15 of the National Housing Act, for the development of housing projects primarily, but not exclusively, for veterans. These grants would match the 10 per cent contribution available to non-profit corporations under section 15.1 of the NHA.

In May 1978, revisions to the non-profit housing program were announced by the federal government. Under the old program, the rent in such projects was subsidized for all occupants, regardless of income, by writing the interest rate down to 8 per cent and providing a 10 per cent capital grant. The new program introduces an interest reduction grant formula which may bring the effective interest rate down as low as 1 per cent. I think this indication of the government's concern is very good news for the vets. The formula thus provides more than twice the assistance available under the previous program and is directed toward those who need it most.

Beginning in 1979, it is expected that all non-profit groups will obtain their capital funding through approved lenders, and loans under section 15 will not be available. The Department of Veterans Affairs is reviewing the implications of its veterans housing assistance program in light of recent proposed amendments to the NHA. It is understood that pending the outcome of this review, grants from the Minister of Veterans Affairs for veterans' low rental housing projects, relating to loans obtained under section 15 of the NHA, are not available. The

new non-profit program will, however, be of greater assistance to needy veterans and non-veterans alike, since the amount of subsidy available is greater than that available under the former program—the DVA grant and the NHA assistance combined.

Veterans may also obtain assistance under the Assisted Home Ownership Program. In addition to the CMHC assistance provided under the 1975 and 1976 AHOP program, the Department of Veterans Affairs also provided assistance of up to $600 to those veterans who qualified under the Veterans Land Act. The assistance from DVA continues to be available to qualified veterans who purchase unsold 1975 and 1976 AHOP units.

In May 1978, the corporation introduced the 1978 AHOP program. Assistance from DVA is not available to purchasers of units built under this program.

**Senator Smith (Colchester):** Explain.

**Senator Perrault:** Honourable senators may read the answer in the *Debates of the Senate* tomorrow.

• (2030)

**Senator Marshall:** The answer is very ambiguous. My concern is that there would appear to be an intention on the part of the government to make that program obsolete. I would like the Leader of the Government in the Senate to ascertain the position of the government with respect to the two main features of the housing program for veterans, and whether it is the intention to support the very worthwhile project by the Newfoundland Provincial Command of Veterans to provide assistance for the repair of homes under the Residential Rehabilitation Assistance Program to which the government granted $38,000, did the survey, and then did nothing further. A period of two or three years has elapsed since that time.

**Senator Smith (Colchester):** That is not long for those fellows.

## FISHERIES

### MACKEREL AND SQUID SALES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 11—**By Senator Marshall:**

1. As a result of arrangements with Bulgaria to sell mackerel and squid caught by Atlantic provinces fishermen, Fisheries and Environment Canada News Release FMS-HQ-NR-16 dated 26 April, 1978, what is the tonnage and dollar value of the two species caught and sold in the province of Newfoundland by zones between Port aux Basques and Cook's Harbour in southwestern, western and northern Newfoundland along the Gulf of St. Lawrence?

2. What are the locations in the same area with the availability of adequate freezing and storage capacity?

3. What are the sectors or zones which expressed an interest and were given allocations?

4. What are the designated ports in the Gulf of St. Lawrence in southwestern, western and northern Newfoundland into which Bulgarian vessels were allowed to enter to purchase mackerel and squid in designated quantities since May 20, 1978?

*Reply by the Minister of Fisheries and the Environment:*

1. With respect to the arrangement permitting the purchase by Bulgaria of squid and mackerel caught by Atlantic provinces fishermen, no purchases were made in the province of Newfoundland between Port-aux-Basques and Cook's Harbour in southwestern, western and northern Newfoundland along the Gulf of St. Lawrence. No purchases of these two species were made in this area because none could be fished when the first Bulgarian vessel went to the area. The first vessel was given permission to locate in the Bay of Islands initially and shortly after in St. John Bay. However, the vessel did not stop in St. John Bay as mackerel was reported in the Twillingate Island area at the time the vessel was proceeding to St. John Bay. The vessel steamed around to the Twillingate area where the first purchasing operation took place.

2. In the area of the province from Port-aux-Basques to Cook's Harbour there are two centres that offer storage and freezing capacity. At Port-aux-Basques there are freezing and cold storage facilities with storage capacity in the order of approximately 5 million pounds. In the Port au Choix area, freezing facilities are available and at present cold storage facilities are being constructed with an estimated capacity of approximately 1.5 million pounds.

3. From that area, Port-aux-Basques to Cook's Harbour, there was very little interest expressed by any group in the sale of mackerel or squid to Bulgarian interests. The Bulgarian vessel *Ofelia* was located in the Bay of Islands area for a short period (1-2 days); however, fishermen in the area did not show any significant interest in catching and selling of these species. That same vessel then proceeded to the northeast coast of Newfoundland.

4. Covered in answer to question 1.

### SHRIMP YIELD—NEWFOUNDLAND—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 16—**By Senator Marshall:**

1. What is the potential shrimp yield in the province of Newfoundland?

2. Of the yield what tonnage was caught in the province of Newfoundland?

*Reply by the Minister of Fisheries and the Environment:*

1. There are two areas of shrimp concentration adjacent to the coast of Newfoundland and Labrador that are being exploited at the present time:

*Coast of Labrador:* This fishery started in 1976 with the first catches by Canadians being made in 1977. For 1978, Total Allowable Catches (TACs) were set for four separate areas, totalling 6,600 MT with an additional TAC of 500 MT for the area off N.W. Newfoundland.

*West Coast of Newfoundland:* The main fishery is centered in the Esquiman Channel. No quotas are established for this area but the number of licences is limited, with some 35 vessels eligible.

Research on shrimp distribution, stock structure and abundance is being carried out actively, at the present time, in order to provide improved information on the long-term potential yield not only from the waters off Newfoundland but also from other Canadian Atlantic waters.

2. *Coast of Labrador:* In 1977, catches of 2,631 MT were taken, of which 2,039 MT were landed in Newfoundland. Preliminary catch information indicates that, for 1978 to date, a total of 3,044 MT has been taken with 1,296 MT landed in Newfoundland.

*West Coast of Newfoundland:* Catches in 1977 amounted to 1,207 MT, of which all but 8 MT was landed in Newfoundland. Preliminary catch data for 1978 to date show 2,027 MT, all being landed in Newfoundland.

CANADIAN SURPLUS OF FISH—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 27—**By Senator Marshall:**

1. Referring to Fisheries and Environment Release FMS-HQ-NR-# 31, dated September 21, 1978, what species and quantities of fish, considered surplus to Canada, were offered to foreign countries for sharing in the northwest Atlantic?

2. What countries accepted the above offer, and what economic benefits were offered in return?

*Reply by the Minister of Fisheries and the Environment:*

1. At the June meeting of the International Commission for the Northwest Atlantic Fisheries (ICNAF) quantities surplus to Canadian requirements were established on a stock by stock basis. Canada informed ICNAF members that parts of some of these surpluses would be held in reserve for allocation later in the year, to Canadian fishermen if required, and to foreign fleets, in response to proposals for the purchase of Canadian fish products. The reserves announced at the ICNAF meeting were as follows:

| | | |
|---|---|---|
| 2,000 m.t. | Cod | (2GH) |
| 5,080 m.t. | Redfish | (2+3K)* |
| 5,060 m.t. | Redfish | (30) |
| 10,220 m.t. | Silver Hake | (4VWX) |
| 3,000 m.t. | Witch | (2J+3KL) |
| 5,000 m.t. | Greenland Halibut | (2+3KL)* |
| 5,000 m.t. | Roundnose Grenadier | (2+3) |
| 2,070 m.t. | Argentine | (4VWX) |
| 72,500 m.t. | Capelin | (2+3K)* |

Total 109,930 m.t.

Decisions on other stocks were deferred: 2J+3KL cod to the fall of 1978; 3+4 squid and 3LNO capelin to spring, 1979.

* The Canadian Government has since withdrawn 5,080 m.t. Redfish (2+3K) and 5,000 m.t. Greenland Halibut (2+3KL) from the reserve list, to meet the needs of Canadian fishermen from these stocks in 1979.

**Concern over the biological status of the capelin stock in 2+3K has resulted in a closure of that fishery by the Canadian government until further scientific evaluation of the stock has been completed.

2. Since the total surplus for the Northern cod stock in 2J+3KL has not yet been established, allocations from this stock against the offer to purchase Canadian fish products have not yet been completed.

Arrangements with Canada's bilateral partners regarding their allocations and purchases of Canadian fish products are in the process of negotiation. This process will not be completed until late spring 1979.

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.—(*Honourable Senator Bell*).

[*Translation*]

**Hon. Maurice Lamontagne:** Honourable senators, I intend to devote all my remarks to a critical analysis of the Pepin-Robarts Task Force report. In so doing, I feel I am staying within the Orders of the Day because although I will not be making specific references to the report of the Special Committee of the Senate on the Constitution I will be dealing with the very subject matter of the mandate that committee received.

**Senator Flynn:** Certainly.

**Senator Lamontagne:** The report of the Pepin-Robarts Task Force is a significant document which has already raised many comments and has the merit of having put the problem of national unity back in the forefront of the news. To appreciate the content of that report I think we ought to distinguish between the analysis it makes of the Canadian crisis and the recommendations it advocates to overcome it.

Very few people will disagree with the general direction of the analysis of the Canadian crisis, even though it is somewhat succinct as it appears in the report and one might be justified in rejecting certain aspects. In short, that analysis is based on dualism and regionalism, two truly Canadian realities it was important to recall although doing so was not very original.

I regret, however, that the task force decided to identify regionalism to provincialism and did not take into account an increasingly important dimension of regionalism on a smaller

geographical scale within the provinces, at least the larger ones. That local regionalism as it might be called is becoming an ever increasing reality in Canada and the lasting refusal to recognize its existence is, I think, one of the essential elements of the Canadian crisis.

Indeed, a growing number of people do not care all that much about a decentralization of the powers of the central government toward the provinces. They find provincial governments have also become too big, too bureaucratic and too remote to meet their aspirations and particular concerns adequately. The new community spirit which in my opinion coincides with the revival of individualism calls for a redefinition of the role of government and a decentralization of administrative structures and decision-making centres at the small regional level to bring them closer to the people, make them more visible and more humane. Regretfully the task force did not take into account that local dimension of regionalism because that is precisely where it could have innovated and truly contributed to reducing the alienation which a lot of people suffer from in their daily lives.

● (2035)

[*English*]

I come now to the recommendations of the Task Force on Canadian Unity. I do not intend to comment on all of them, but I shall limit myself to those related to the division of powers and to changes in our political institutions.

The proposals of the task force regarding the division of powers are, to say the least, ambiguous and not very helpful. To start with, the task force does not put forward a blueprint for a new distribution of jurisdictions but merely a general approach that should serve as a guide to effect such a distribution. That general approach is functional and designed, in the words used by the task force, to

> . . . respect the need for a central government that can handle problems of Canada-wide importance and maintain a viable Canadian federation, for provincial governments that can handle regional and provincial concerns for local prosperity and preferences.

The task force also suggests that the areas of concurrent jurisdiction should be minimized. I submit that any federalist, whether he favours centralization or decentralization, could subscribe to those general guidelines. In fact, those are the very principles that inspired the Fathers of Confederation in 1867.

The task force has illustrated how its general approach would work in practice. It is interesting to look at some of those illustrations. The task force repeats on several occasions that the new distribution of powers must respect the need

> . . . for the Quebec government to maintain and develop its distinct culture and heritage.

Further on it adds:

> In the case of Quebec, it should be assured of the full powers needed for the preservation and expansion of its distinctive heritage.

Logically, those statements could lead to the recognition of a special status for Quebec. The task force comes up with the following most ambiguous proposal: the preservation and expansion of Quebec's distinctive heritage

> . . . would require either exclusive or concurrent jurisdiction, assigned to all provinces generally or to Quebec specifically, over such matters as language, culture, civil law, research and communications, as well as related power to tax and to establish some relations in these fields with foreign countries.

That statement contains two quite different and incompatible proposals. It says that, in the above-mentioned matters, exclusive jurisdiction could be assigned to Quebec specifically, which is the explicit recognition of special status; but it also asserts that in such matters concurrent jurisdiction could be assigned to all provinces generally, which represents an acceptance of the substance of our present constitutional arrangements. Those two incompatible proposals represent a remarkable tour de force for a single sentence.

● (2040)

The task force could not obviously maintain those two incompatible positions. Later on in its report, it clearly rejects the concept of special status and states that instead of assigning to Quebec formal law-making powers denied the other provinces

> . . . much the more preferable approach is to allot to all provinces powers in the areas needed by Quebec to maintain its distinctive culture and heritage, but to do so in a manner which would enable the other provinces, if they so wished, not to exercise these responsibilities and instead leave them to Ottawa.

Thus, the task force has rediscovered the opting out formula that was approved by Parliament in 1965.

**Senator Flynn:** Before that.

**Senator Lamontagne:** In 1960. I cannot understand, therefore, how Mr. René Lévesque can honestly claim that the task force has recommended a special status for Quebec.

It is very difficult to see how the areas of concurrent jurisdiction would be reduced if the general approach proposed by the task force were to be followed. Let us just take a few examples. Taxation, with one exception, would become an area of concurrent jurisdiction. The provincial governments would be responsible for provincial economic development but the central government would be assigned the management of Canada-wide economic policy and participation in the stimulation of regional economic activity. The federal government, according to the task force, would have overriding responsibility for the conduct of international relations, but the provinces should have the right to sign international treaties in matters coming under their jurisdiction. While social well-being—again according to the task force—should be a principal role of the provinces, the redistribution of income should be a main responsibility of the federal government. The provinces would look after the cultural development of their communities but, in the opinion of the task force, "both orders of government

have important responsibilities in the cultural field" and the central government should, among other assignments, "use its cultural agencies to encourage individuals, throughout Canada, to develop their talents."

Thus, it is true to say that the areas of concurrent jurisdiction would be extended rather than reduced if the general approach recommended by the task force were to be followed. This observation is particularly important and intriguing in view of the role that it assigns to the proposed Council of the Federation. But I will come back to that topic later.

To conclude my remarks regarding the proposals of the task force for a new distribution of powers, I want to repeat that they are ambiguous and not very helpful. It is not too surprising that they have been interpreted in conflicting ways by different people according to their respective preferences and prejudices. The message they contained is blurred and is probably the result of the decision taken by the task force to present a unanimous report on complex and highly controversial issues.

By contrast, when the task force deals with federal institutions and mechanisms related to federal-provincial relations, its message is clear and specific. But I will try to show that its central recommendation for a Council of the Federation is illogical, inconsistent and impractical.

To begin with, the task force adheres to the concept of a true federalism. It states: "A definitive characteristic of any federal system is the equality of status under the constitution of the two orders of government, central and provincial, in relation to each other." This is what it describes as the principle of non-subordination of the two orders of government.

We all know that the Fathers of Confederation in 1867 established a quasi-unitary system, un fédéralisme de tutelle, as I used to describe it. Sir John A. Macdonald made it very clear when he stated that the local legislatures would be subordinated to the federal government. The task force goes a long way to eliminate that subordination and to provide, in that respect at least, for a more genuine type of federalism.

It limits the use of emergency powers by the federal government. The central declaratory power would be subject to the consent of the provinces concerned, which amounts in practice to its abolishment. The use of the spending power of the federal government in areas of provincial jurisdiction would also be restricted, and, when utilized, provinces would have the right to opt out of any program and where appropriate receive fiscal compensation. The central power of reservation and of disallowance would be abolished. The appointment of lieutenant-governors would be made on the advice of provincial premiers. All provincial judges would be appointed by the provincial governments but, with respect to higher court judges, only after consultation with the central government. I support the substance of those proposals. Several of them have already been accepted for many years by the federal government.

[Senator Lamontagne.]

The ambiguity of the message of the task force appears again when it deals with inter-governmental relations. At first, it seems to reject the traditional Canadian approach to what it describes as "executive federalism," consisting of direct negotiations between the executives of both orders of government, through a network of conferences, to provide for ongoing consultation, negotiation and decision-making. The task force states that it prefers to build executive federalism into the parliamentary institutions at the central level. Hence its proposal for a Council of the Federation composed of representatives of provincial governments. Logically, that preference should mean, at least in my interpretation, the end of federal-provincial conferences.

However, later on in its report, the task force states that the Council of the Federation would not eliminate the necessity for inter-governmental meetings and conferences. It goes on to propose "that the Conference of First Ministers be put on a regular annual basis and that additional conferences be held whenever a government secures the agreement of simple majority of the other ten." It recommends the creation of a committee on policy issues made up of the 11 ministers of inter-governmental affairs "to establish agendas, to co-ordinate preparatory research and the development of proposals, and to follow through on the implementation of agreements resulting from such conferences." It suggests the establishment of a standing task force of officials and experts representing all governments "to review policy and program duplication on a continuing basis." It recommends conferences of first ministers every two or three years on medium-term economic strategy. It submits that the annual conference of finance ministers should be used more effectively to ensure the co-ordination of economic stabilization policies. Finally, it proposes that standing committees be established on federal-provincial relations in the House of Commons and in all provincial legislatures. Thus, the task force, far from proposing the elimination of federal-provincial conferences and agencies, recommends that they should be institutionalized and multiplied.

● (2050)

It is in this whole context that the proposal for a Council of the Federation should be examined. In the first place, the task force suggests that two important functions presently exercised by the Senate be transferred to the House of Commons, namely, the critical review and improvement of central government legislation and the conducting of investigatory studies. It is obvious that the House of Commons as presently constituted and operated cannot efficiently perform those essential functions.

The task force simply recommends that the committee system in the House of Commons be modified and strengthened and that the government should make more extensive use of special committees in that house to conduct in-depth studies of major Canadian issues. As experience shows, this is much more easily said than done. The government will not easily abandon its control over the creation and the operation of committees in the House of Commons. Moreover, it would be naive to expect that those committees will cease to operate on

a partisan basis and to concentrate on short-term issues. For instance, we have tried for years but without any success to convince the other place to establish a committee on science policy.

The task force seems to rely a great deal on the 60 non-elected members that it proposes to add to the House of Commons to improve the performance of its committees. However, the mere addition of those members would not reduce in any way the control exercised by the executive over those committees. Moreover, those additional members can be expected to be even more partisan than elected members because they would have no power base of their own and their political future would depend entirely on the pleasure of their respective parties and more particularly their leaders. It is clear, therefore, that the two most important functions presently fulfilled by the Senate would cease to be exercised properly if the views of the task force were to be accepted.

According to the task force, the future second chamber of the federal Parliament or the Council of the Federation would be "composed of provincial delegations to whom provincial governments could issue instructions, each delegation being headed by a person of ministerial rank or on occasion by the premier." There would be no more than 60 voting members, and central government cabinet ministers would be non-voting members. The council would have the power to initiate legislation regarding constitutional amendments. A proclamation of a state of emergency, in either peacetime or wartime, would have to be confirmed by at least a two-thirds majority of the council. All proposed federal legislation and articles of treaties deemed to belong to concurrent jurisdiction would be subject to a suspensive veto by the council, of short duration if there is federal paramountcy and of longer duration if there is provincial paramountcy. Federal initiatives in areas of provincial jurisdiction that are based on the federal spending power, whether they are to be cost-shared or financed fully from federal funds, should require a two-thirds majority of the council. The council could be used as a forum for the discussion of general proposals arising from conferences of first ministers or any other matters of concern to the members of the council itself. Federal appointments to the Supreme Court, to major regulatory bodies such as the CRTC, the Canadian Transport Commission and the National Energy Board, and to central institutions such as the Bank of Canada and the CBC, would require the approval of the appropriate committee of the council. Finally, "to determine the classification of a bill or treaty and hence the powers that the council may exercise, a permanent committee should be created and composed of the speakers and some members from both the House of Commons and the council."

I was surprised when, as a co-chairman of the Joint Committee on the Constitution, some academics proposed the creation of a House of the Provinces. I must say today that I can hardly understand how experienced politicians have come to endorse a similar proposal. Without intending to detail all my objections to such a recommendation, I will examine it both at the logical and practical levels.

At the logical level, I have already praised the task force for its attempt to eliminate from our constitutional arrangements the elements of a quasi-unitary state inserted in 1867 that subordinated provincial governments to the federal government, and for its effort in this respect to establish a genuine type of federalism. Indeed, throughout its report, the task force rightly insists on the requirement that the two orders of government should have equal status and that the principle of non-subordination should be observed in a restructured federalism.

However, the task force is clearly inconsistent with itself and the basic principles it advocates in its recommendation for a second chamber in the Canadian Parliament. It then proposes to subordinate, in a very significant way, the federal government to the provinces, and it introduces into our constitutional arrangements a most important element of a confederal system, in spite of the objections it raises against such a system. Its recommendation would bring provincial governments directly, and in many areas, into the legislative process of the Canadian Parliament and into the system of appointments of the federal government to genuine central institutions. This is completely incompatible, in my view, with the concept of federalism presented by the task force itself.

● (2100)

The recommendation regarding the Council of the Federation is not only illogical and inconsistent with the gist of the report, it is autocratic in its inspiration and most impractical when considered in the light of the real world of politics. The members of the council would not be free agents. They would not be allowed to vote according to their preferences and conscience. They would be part of a provincial bloc operating directly under the instructions of provincial premiers, and they could be removed immediately if they did not follow the instructions of their premiers. Such a legislative and so-called "deliberative" council, completely subjected to remote and outside control, would not fit very well within our British parliamentary institutions. In fact, three or four premiers could effectively control the council and deal with legislation that could concern only the other provinces. The Atlantic provinces, with only 14 votes out of 60, would not have a great influence on the council's decisions, even if those were related to regional disparities or other matters of exclusive concern to the Atlantic region. Seen in that light, the recommendation of the task force that federal expenditures related to equalization should not be submitted to the council for approval is intriguing, to say the least.

The mandate of provincial premiers is to look after public affairs under their jurisdiction from a provincial point of view. That perspective may well be incompatible with the national point of view which constitutes the federal mandate. Moreover, those provincial premiers are also leaders of a political party, and when their political allegiance does not coincide with that of the Canadian government, we have again another source of disagreement, antagonism and conflict. Having attended a great number of federal-provincial conferences since 1955, I know that this is also a deeply rooted Canadian reality.

The council would constitute a continuing federal-provincial conference dealing with federal legislation in which federal representatives would not have the right to participate in the decisions. This situation becomes quite ridiculous when one looks at the scope of activities that the council would have.

The council would deal with all federal bills and treaties "deemed to belong to the category of concurrent jurisdiction." But, as I have already attempted to show, if the general approach suggested by the task force were to be followed, most matters concerning the state would belong to that category, or it could at least be argued in specific cases that they are deemed to fall under concurrent jurisdiction. The council, with its natural inclination to broaden its role and responsibilities, would certainly do so. The House of Commons, presumably, would take the opposite point of view and try to restrict the activities of the council. Thus, even the selection of federal bills to be submitted to the council would become a matter of federal-provincial negotiation and potential conflict.

Who would resolve those most important issues, involving, in many cases, an interpretation of the Constitution? The task force suggests a permanent committee "composed of the Speakers and some members from both the House of Commons and the Council." This is a rather vague recommendation for such an important mandate. Would the two chambers have equal representation on the committee? Who would finally decide if no agreement can be reached? If the opposition in the House of Commons were opposed to a certain bill, would it not be tempted, through its representation on the committee, to side with the members of the council and thus unduly enlarge the area of concurrent jurisdiction? Would such a committee tend to become a substitute for the Supreme Court in the interpretation of the Constitution?

In another important area, the central government would have no say in the approval of appointments to the Supreme Court and to the boards of major federal institutions. Such approval would be left ultimately to provincial premiers, including Mr. René Lévesque—at least for the time being. Probably more than 100 appointments would be involved. What would happen if provincial premiers could not agree among themselves, as is most likely? It is easy to realize that such a system would be much worse than the American system, which is seen by many Canadians as being undesirable.

I could go on and on and mention other serious objections to that recommendation of the task force. I believe I have said enough to show that its implementation would be impractical and almost unworkable. The creation of the council, in addition to the series of the first ministers' conferences and the other federal-provincial mechanisms and bodies envisaged by the task force, would seriously, and almost completely, paralyze the decision-making process within the central government and the Canadian Parliament.

The task force was right when it stated:

> —that a federal system often slows the process of rapid and effective policy-making in such areas as the economy, that it sometimes tends to generate conflict between governments, that it sometimes creates opportunities which vested interest can exploit to assert themselves against the common public interest—

I suggest, however, that the creation of the proposed council would significantly magnify those inherent weaknesses of federalism by introducing into it an undesirable element of a confederal system. I wish to add that many of the criticisms I have made about the council would apply equally to the House of the Federation proposed in Bill C-60.

● (2110)

To sum up, some of the recommendations of the task force are good but they are not new. Others are not very helpful or are clearly unacceptable. Many commentators have said that what was most valuable in the report was the message or the broad framework for constitutional change. After having tried to read the report very, very carefully and with, I hope, an open mind, I regret to say that I find the message ambiguous and blurred. It seems to me that the task force has spoken with two voices, one provincial, the other federal, one for a distinctive provincial status, the other for a uniform provincial status. I must say that I would have preferred more realistic recommendations and a clearer message. I do hope that the Senate Special Committee on the Constitution will do a better job.

**Senator Flynn:** Honourable senators, I would like to put a question to Senator Lamontagne, but before doing so I would like to say that he has given us an excellent analysis of the report, and I might also say that I concur with most of his observations. I say "most" because I would like to read his speech tomorrow.

With regard to the Council of the Federation, I accept his conclusion that the council would, in a way, block the legislative process in some respects. I know he has read the report where it says that matters coming under the exclusive competence of the federal Parliament would not require the approval of the council. The other day I was trying to find on the order paper of this place or on the order paper of the other place a piece of legislation on which the council would have to move, and I could not find one. In some areas the council could enter into the picture, but in most areas falling within the exclusive competence of the federal Parliament, it would have nothing to say. Would the honourable senator agree?

**Senator Lamontagne:** After a very careful reading of the report, I can find very few areas of exclusive jurisdiction assigned to either the federal or the provincial governments. Most of the areas would involve concurrent jurisdiction, and even the recommendations of the task force respecting defence and national security say that they would be in the exclusive jurisdiction of the federal government. But the proclamation of a state of emergency in wartime would require the approval of a two-thirds majority of the council composed exclusively of provincial delegations. So this leaves very little to the exclusive competence or jurisdiction of the federal government.

**Senator Flynn:** As far as emergency powers are concerned, I am not too sure that I do not agree with the idea of having the

provinces involved. But I was thinking, for instance, of legislation dealing with banking or bankruptcy or Canadian corporations—legislation that we have dealt with in the current session. I could not find one piece of legislation in which the Council of the Federation would have something to say under the present proposals.

**Senator Lamontagne:** It really depends on how you interpret the wording used by the task force. They say that the federal government shall have responsibility for Canada-wide economic policy, but they also add that the provinces should have as their main responsibility economic development within their own areas. So there is a great deal of potential here for concurrent jurisdiction.

**Senator Flynn:** But then they might have something to do with income tax legislation in the federal Parliament because that would involve concurrent competence. Of course, you could reply that the federal Parliament should have something to say in the provincial legislatures about that also, and I would like to have to deal with some of Mr. Parizeau's measures.

**Senator Smith (Colchester):** Honourable senators, I should like to ask Senator Lamontagne a question along the same lines, but before doing so I certainly want to join Senator Flynn in saying that this was a most illuminating analysis of what to me is a complicated and difficult report. It may be that I look at it from a different point of view, but I do agree with much of what Senator Lamontagne said.

On this question of what should be exclusively federal and what should be exclusively provincial, do I understand him to interpret the recommendation about the committee of the two Speakers and some members of each house as being to place within the jurisdiction of that committee the final decision as to the class into which any particular piece of proposed legislation might fall?

**Senator Lamontagne:** Exactly. In the framework proposed by the task force, the Constitution would specify the areas of concurrent jurisdiction and would also indicate in each area where there is federal paramountcy and where there is provincial paramountcy. But, of course, the Constitution could not cover all cases, so this joint committee would have to decide and determine the classification into which each bill would fall.

**Senator Smith (Colchester):** I do not pretend to have studied the report in the way that the honourable senator obviously has; but is it his opinion that the decision of this committee would be the final word on the matter?

**Senator Lamontagne:** I presume if there is disagreement on important issues there could be an appeal to the Supreme Court. But that is not mentioned in the report.

**Senator Smith (Colchester):** If I may pursue the point a little further, did it seem to him that either the federal government on the one hand or a concerned provincial government on the other, dissatisfied with the decision of this committee, could initiate a reference to the Supreme Court?

**Senator Lamontagne:** I would think so. I am not a lawyer, of course, but I believe that the federal government can initiate a reference to the Supreme Court. There is a recommendation in the report that provincial governments could also initiate a reference to the Supreme Court. So presumably if the members of the council were not satisfied with the decision of this joint committee, they could report to their bosses and their bosses could make a reference to the Supreme Court.

**Senator Smith (Colchester):** Thank you.

• (2120)

On motion of Senator Marchand, debate adjourned.

## AGING

### DESIRABILITY OF ESTABLISHING GOVERNMENT DEPARTMENT—DEBATE ADJOURNED

**Hon. David A. Croll** rose pursuant to notice of Wednesday, January 24, 1979:

> That he will call the attention of the Senate to the desirability of establishing a department of the Government of Canada to deal with all matters relating to aging.

He said: Honourable senators, on the weekend, after hearing and reading about the Task Force on Canadian Unity, I thought this resolution to establish a government department relating to aging was a waste of time. It appeared that the bell had begun to toll and that the countdown had commenced for the Senate. No favourable winds blew in the direction of the Senate in 1978, and I was afraid that 1979 would be a repetition, so I came in yesterday to read the report. I was impressed by much of it, but I was disturbed and distressed by other parts.

In some respects, particularly as it affects the Senate, the report is unreal. I speak from experience. I have been in politics continuously for nearly 50 years, and I have served and been active in all levels of government. I know how to get elected; I know the administration of government; I know how to stay elected; and I know how governments operate in a democracy. All the members of the task force put together do not have as much political experience as I have.

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

**Senator Croll:** None of them have served in four houses, and I do not think many of them have served in even two houses—certainly the majority haven't. The recommendations they make will, without doubt, lead to a continuous political paralysis, much like that affecting Italy.

The report recommends a Council of the Federation—not a Senate, mind you—appointed by the provinces, its members acting as provincial delegates on orders. That recommendation is unbelievably naive because it's a political roadblock. What is more, it is moving dangerously in the constitutional direction that will decentralize, paralyze and emasculate; stripping the federal government of most of its essential powers; balkanizing

the nation to a point of ungovernableness—surely one nation, divisible. Well, not with my approval or consent.

I am not going to sit quietly by while the Utopian dreamers on the team bust up my country. The Prime Minister was right when he said that they were dead wrong about some things, and they are dead wrong on this. I believe that the fortunes and the future of the Senate will be decided by the Supreme Court of Canada, and I am confident that the decision will be a favourable one. Still, the Senate will never be the same again—I hope.

I do not feel abolished, or even half abolished, and so it is business as usual in constructive fashion, and in the public interest I proceed with my inquiry respecting the desirability of establishing a department of aging.

We now have a National Bureau of Aging within the Department of National Health and Welfare, with objectives, with goals, and with a director and a small staff. My proposal is that we need an agency just for the aged. There are more aged than there are veterans; there are more aged than there are Indians; and there are more aged than there are people covered by the Fitness and Amateur Sport Branch. There are now the Ministry of State for the Environment, the Ministry of State for Small Business, the Ministry of State for Fitness and Amateur Sport, the Ministry of State for Multiculturalism, and the Ministry of State for Federal-Provincial Relations. In my view, the interests, the future and the needs of the elderly are far more important than the matters covered by those ministries.

The proportion of elderly is growing. In 1950 one person in 12 was 65 years of age or older. In 1976 the ratio was one in nine, and in the year 2000 it will probably be one in five. With this shift the needs of the old, and the economic burdens they create, become a pressing social and economic concern.

At the same time, the political needs of the aged have to be reckoned with. They have not yet come to the polls in large numbers, nor have they organized themselves into pressure groups, or even become mildly militant—they are still walking down the middle of the road.

Some psychiatrists have indicated from time to time that in many ways youth does not care much for the elderly, and there is a great deal of evidence to show that many of the elderly do not like themselves either. They feel that the world no longer needs them. They worry that their minds are slipping, although their reasoning, and most of their other intellectual powers, generally remain intact almost to the end of life. Money is the biggest problem. Older people have specialized medical problems, though in this country we handle them very well. On the other hand, there are very few medical schools which give much attention to geriatric medicine.

The establishment of a department cannot be viewed as a symbolic gesture. It has to do with the place of old people in our society, whether they just survive or whether they contribute. To date they have represented a natural resource which we have squandered. It has been found that the old people are worse off in industrial countries than in underdeveloped countries because, among other reasons, the traditional support of members of the family in the community has diminished.



They lack a political spokesman, as do women's interests. They do not have a political spokesman as has labour, farmers, or business. They lack a single national organization to speak for them.

The elderly place most of their emphasis on income. Important as that is, at this stage it is far more important to obtain recognition in the form of a department, and a minister who will be in a position to encourage them and emphasize their economic needs. Supplementary income is important, but it is far more important to have a spokesman at the cabinet level in Parliament, with special responsibility for the elderly.

● (2130)

While there is an unquestionable need to provide more elderly Canadians with adequate income, improved job opportunities, better housing, special medical and welfare services and recreational facilities, these requirements will become much more pressing in terms of quantity and quality as the general population ages.

For the last 20 years Canadian society has been struggling in haphazard and unorganized fashion to cope with the unprecedented increase in the young in our population following World War II. We have overlooked the fact that an ever-growing number of Canadians have been joining the ranks of the retired and semi-retired, and we must immediately begin to adjust our youth-oriented society to better meet the needs of those who are 60 and 65 years of age, and plan, together with the provinces, for the time when the elderly and not so elderly are able to become a more dominant factor in our society.

In 1966 the Special Senate Committee on Aging tried to alert the Canadian government and the Canadian people to the implications of the aging population in modern industrial nations, and indicated that no developed nation had adjusted to a relatively stable and aging population so far in this century. The warning by the Senate committee met with modest success, yet the current Special Senate Committee on Retirement Age Policies is hearing overwhelming testimony which indicates that the federal level of government is only beginning to recognize the magnitude and implications of the challenge that lies ahead.

The challenge, insofar as the elderly are concerned, is both present and long term. A department of aging, with its own minister, with definite responsibilities, objectives, research facilities, coordination and liaison mechanisms, as well as information, is urgently needed by the people of Canada. Statistics Canada has prepared a number of population projections for the late twentieth century and early twenty-first century. The most frequently used is based on assumptions which are reasonable and reflect current conditions, as follows:

1. A total fertility rate equal to 1.9 in 1976, declining to 1.7 in 1990, and remaining constant.

2. The average length of life rising until 1986 and reaching 70.2 for men and 78.3 for women, and remaining constant thereafter.

3. A net immigration equal to 75,000 per year.

The number of elderly citizens—those over 65—is even now growing at the rate of 2 per cent per annum, which is about twice the rate of growth for the population as a whole. The nature of the elderly population is indicating a change, and the old of the future are expected to differ from the old of today in terms of behaviour, values and expectations. Their level of education is much higher, and the percentage of those with at least some post-secondary education will quadruple from about 5 per cent in 1971 to 20 per cent in the year 2000.

The changes among elderly women will be even greater. An increase in the over-75 age segment in the population will lead to an increasing number of women, because women live longer than men. The growing predominance of women in the 65 age group will have implications for society which have not yet been thoroughly studied. The changing role of women in society, due to their much greater education, participation in the labour force and independence, will have an important and undetermined influence on their requirements and expectations as they age.

Twelve years ago the Special Senate Committee on Aging noted that Canada lagged considerably behind the United States, Great Britain and other European countries in the attention being devoted to the scientific study of elderly people and their problems. Although valuable research has been done, and the training of specialists in gerontology and geriatrics has improved, the basic assessment made in 1976 is still valid today.

In its brief to the Special Senate Committee on Retirement Age Policies, the Canadian Association of Gerontology expressed the fear that the development of expertise might be wasted by fragmentation of knowledge and techniques as a result of poor communications between many disciplines. It is important that continuing research into the economic, social and medical applications of an aging population, and into the developing needs of the elderly, be financed and co-ordinated. A federal department of aging, assisted perhaps by a national advisory council on aging, could undertake the organization of fundamental research, and act as a co-ordination agency for the collection and exchange of research and information on all aspects of aging.

The essential mandate of a department of aging would be to assume responsibility for federal income security legislation directed towards the retired. The present retirement income can be described as a three-tier system. The federal old age security, guaranteed income supplement and spouses' allowance programs make up the first. The second tier includes the basic public contributory pension schemes, the Canada and Quebec Pension plans, and the provincial supplements recently introduced by some provinces. These two tiers are intended to ensure basic adequacy in income for the retired. The third tier consists of employment-related and private pensions, as well as the assets and savings of Canadians.

Both the government-sponsored programs—tiers one and two—and the employer-sponsored pension plans have serious deficiencies. According to the brief of the Honourable Monique Bégin, Minister of National Health and Welfare, delivered to the Special Senate Committee on Retirement Age Policies, poverty is widespread amongst our elderly population, as the following facts show.

In 1975, the average annual income from all sources was $3,796 for unattached pensioners, and $8,746 for couples. In contrast, the average annual income of census families with heads aged 45 to 54 was $19,955.

In 1975, 61 per cent of unattached senior citizens and 22 per cent of elderly couples were below the Statistics Canada revised low income cut-offs. In total, almost half of the pensioners were below these poverty lines.

In 1978, 54 per cent of all pensioners were poor enough to be receiving guaranteed income supplement payments. Moreover, 19 per cent were totally dependent upon OAS and GIS benefits.

For a number of reasons, women are treated particularly badly. In 1975 more than two-thirds of all unmarried women over the age of 65—more than 400,000 of them—had annual cash incomes below $3,500, which is below the poverty line established by Statistics Canada and well below the Senate committee's poverty line, or any other poverty line that has ever been established.

● (2140)

Correction of these deficiencies in meeting even a reasonable escalation of the requirements of the greater number of retired in the future will require larger contributions to the government-sponsored programs by the government, employees and employers alike. It will also require fundamental changes in portability, vesting, indexing, and survivors' provisions of the employer-sponsored programs, particularly since these latter plans provide those aged 65 and over with only 13 per cent of their retirement income, whereas government plans provide 50 per cent.

These facts present matters of serious concern, and no one can dispute the vigour with which the present minister has pursued the interests of retired Canadians, or the value of the policy research undertaken by the Department of National Health and Welfare. A separate department will be able to devote its full energy towards finding solutions to these problems and to pressing these solutions upon both the government and the public.

Much of the financial burden of providing for the needs of the elderly falls on the shoulders of provincial governments. The costs involved in providing the elderly with health services, housing—ranging from full institutional care and rest homes to financial help in maintaining private dwelling—welfare, education, and social and recreational facilities will eventually escalate.

In 1976, when 9.7 per cent of the population was 65 and over, two provinces had substantially higher percentages than the others, and they were Prince Edward Island with 11.2 per cent, and Saskatchewan with 11.1 per cent. Alberta, British Columbia and Ontario are also experiencing increases in their share of the national elderly population. The formation of a federal department of aging would not only help to unify the federal response, but would assist federal-provincial negotiations and the co-ordination of federal-provincial policy and long-term planning.

There are many reasons why the federal government should set up a department to deal with the question of aging. The federal government is the senior partner in our federation. It is the only body that, by virtue of its constitutional powers, can promote, consolidate, investigate and, to a large degree, direct programs that relate to the problem in order to give the elderly people of this country that which they are without at the present time—and here I am referring to clout, power, influence and attention. Aging not only faces the individuals, but it has been recognized that there has been a "greying of nations." Aging is a condition all of us face by surviving.

I have been urging the establishment of a department. I have already indicated that the minister has announced the establishment of a National Bureau of Aging within the Department of National Health and Welfare. This could not be more than a very minor step in dealing with the question which will become increasingly important as our society matures. Even with a national bureau, we will still be putting the problem on the back burner.

As I have said before, it is not simply that older persons have more acute problems than youth: that is true, but the broader issue is that of an aging society which has, to some degree, come to depend on the youthful majority to fund its social security system. It is quite clear, from demographic projections, that the proportion of elderly persons will double in the foreseeable future, and we have been given the signal and the opportunity to foresee and forestall the implications of this maturing process. We can set up a federal department of aging to plan the future and to catch up to the present.

What are, first, the jurisdictional considerations; secondly, the functional considerations; and, lastly, the mechanical considerations in order to deal with aging?

Before we look into those problems, I would ask you to turn your attention to the final report of the Special Senate Committee on Aging which enumerated the areas which are crucial to the question, and they are (1) income status and security; (2) employment status and opportunities; (3) health status and health care; (4) housing status and needs; (5) community services for older people; (6) research and statistics; and (7) planning and co-ordination.

We may well ask: Does the federal government have authority to deal with these matters? Even if it does not have jurisdiction, *prima facie*, pursuant to the provisions of the British North America Act its spending power is such that, if it were to see fit to enter this arena more forcefully, it could do so.



On the question of the spending power of the federal government, I should like to quote what the Right Honourable Pierre Elliott Trudeau said in *Federal-Provincial Grants and the Spending Power of Parliament*, in June 1969. He said:

> Constitutionally . . . the term "spending power" has come to have a specialized meaning in Canada. It means the power of Parliament to make payments to people or institutions or governments for purposes on which it (Parliament) does not necessarily have the power to legislate.

While not all interpret the British North America Act so broadly, to date federal-provincial relations indicate that there has been some consensus, at least practically speaking, on this interpretation. Having in mind our social legislation, it has been clear that the federal government can take the initiative where it wishes to do so, subject now to the gentleman's agreement that it will not involve the provinces in any further major cost-sharing schemes without prior consultation.

The federal government is involved in two important aspects—income tax and social security schemes, which include Canada Pension Plan, Old Age Security, Guaranteed Income Supplement, and the Canada Assistance Plan. In addition to taxing powers, the federal government has leverage in areas such as private pension schemes which are ordinarily matters of contract within provincial powers. For an aging population, a number of areas of concern arise out of the taxation rules relating to pension schemes, and they are: (1) mandatory retirement age; (2) the need to encourage employment of elderly workers; and (3) problems of vesting, locking-in, and pension benefits standards legislation.

In a society which is mobile in terms of employment, and one which would want to encourage older workers, we will have to re-examine pension schemes to allow for total portability. It is one thing to have a portable scheme funded by Parliament, but there is no reason why the tax structure could not be studied to encourage private portability as well. The taxation rules in this area are extremely complex and are tied to the tax structure in general. Continued administration should likely be left to the department as it presently exists. However, a department of aging could certainly play a very large investigative and co-ordinating role with the tax department in all areas to deal with the problems mentioned above. In this regard the federal department of aging could co-ordinate between private enterprise, provincial governments and other governmental departments, and be a leading advocate of reform in those areas likely to affect our society on these questions.

There is no need to examine the appalling statistics on employment opportunities for the elderly. They do not exist. They do not start at age 65. Coming from a youth-oriented society, the process begins at age 40 or thereafter. The federal government has jurisdiction over unemployment insurance. This power gives it the right and the obligation to deal with unemployment. At the present time, the indications are that as

far as the over-65s are concerned, nothing is being done. The government assumes that because the old age pension and the Canada Pension Plan become payable at 65, everyone is then considered retired and out of the work force. Unemployment benefits are not available to those over 65. At the present time there are no wage subsidies for older workers, although there are for youths. This is partly due to pressures forcing the government to deal with the most urgent problem of the day, but it does not speak well of a society that is aging, and someone should be planning for this.

Constitutionally, the question of health is the clearest example we have of co-operative federalism. It shows the power of the federal government to deal with such important items which, in reality, do not fall within its jurisdiction. It was the federal government that took the initiative in announcing medicare schemes. All provinces have accepted those in one form or another. This was done through the federal spending power—an example of a conditional grant of money, the condition being to maintain certain health standards.

● (2150)

There is so much more that can be said about hospital insurance, diagnostic services, medical care, research and development. It has been a plus. I have suggested that the Canada Pension, Old Age Security, New Horizons and the Bureau of Aging be moved to a department of aging. It may be desirable to include a branch of the National Health Research and Development program so that the department could encourage and allocate its own money to research in the field of geriatrics. There is a special need for training of personnel to deal with aging, and statistics show that these are areas of serious neglect.

I am not going to deal with matters of housing and community services for old people, research and statistics, or co-ordination planning. These are obvious matters that can come under the department. There are various ways to approach it. There are five methods I will take a moment to deal with: First, by a national commission; secondly, a national bureau of aging; thirdly, a federal advisory council on aging; fourthly, a ministry of state; fifthly, a department of aging.

The United Nations has suggested that each country have a national commission on aging. Canada does not have such a commission, although it was suggested in Recommendation 92 in the 1966 Report of the Special Committee of the Senate on Aging. We may well ask ourselves whether it would be appropriate today. It is my view that it would not be. It is much too late now. It would be mainly a co-ordinating body receiving funding from the federal government and open to other donations, but its budget would not really be assured. While it can be said that an advisory committee would be needed, it would seem that the national commission would likely not be a powerful enough body to accomplish the range of decisions that have to be made. Such a body would have virtually no decision-making power, and there is little direct input into the government system.

Secondly, as to the National Bureau of Aging, this is a thinly disguised and smaller version of a national commission, with a proposed budget of $125,000 for salaries and benefits, and $25,000 for non-salary costs. It can perform useful services, but it is likely to be a small office within Health and Welfare, co-ordinating activities mainly in that department, and certainly every sign indicates that it will have no clout itself. A federal advisory council on aging is preferable, in conjunction with a department. It would be a body outside government, which would advise the minister to deal with matters of public interest.

There is a Federal Advisory Council on the Status of Women, though they often claim they have had little effect on improving the status of women, largely because it is ignored by government. Thus we should learn from them that in dealing with the problem of aging we should avoid the mistakes, and, though an advisory council would be welcome, it is not likely to have much effect alone.

As to a ministry of state, the government Organization Bill in 1971, gave power to the government to create ministries and ministers of state when it seemed to the Governor in Council that there was a need to formulate new and comprehensive policies in relation to any matters coming within the responsibility of the Government of Canada. But these ministries were to be short-term; they were to develop policies and not to administer. The long-range plan was then to absorb them into another department or abandon them. The elderly have been abandoned long enough.

A federal department of aging would be headed by a minister responsible to Parliament for the activities of this department. Parliament would direct the spending of this department subject to an estimate. Hiring for the department would be through the Public Service. The administrative head would be the deputy minister, and in order to establish the department there should be something to administer. A number of existing programs could be transferred to such a department—Canada Pension, Old Age Security, Guaranteed Income Supplement and CMHC. In addition, there will be contact co-ordinators to deal interdepartmentally with National Revenue, Employment and Immigration, Health and Welfare, and any other implicated departments. It might also have its own policy and research to administer.

By granting the proposed body departmental status the door is open also to deal with other levels of government, provincial and municipal, in a way which would be much more convincing. Many matters concerned in the question of aging lie within provincial power, such as health and welfare, community programs and housing. The federal involvement here has been because of its spending powers and not because of its initial jurisdiction. Again the tendency today seems to be for decentralization, thereby necessitating a stronger body to co-ordinate the various levels of government on the issue.

What we should avoid is establishing a department similar to that known as the Office of the Co-ordinator on the Status of Women. This body actually has departmental status, but the co-ordinator is deputy head. It is a focal point for federal activities on the status of women and the promotion of equality. It also has liaison functions. It has a budget process and

other administrative details to consider. It just doesn't work. It is not effective in solving any of the problems of women. Its function is largely co-ordinating. It lacks the power of a true department. Another consideration is that it deals with only half the problem.

There will be serious changes in the social structure as the youth-oriented society matures. A department of aging could and should plan for this. If Parliament wishes, it is clear that it could set up a federal department of aging.

Putting any constitutional prerogatives aside, the people of Canada need a department of aging because the problem has to be brought forward publicly, and the federal government can speak for all Canadians. By setting up the department, with an advisory committee alongside, the signal would be there for other levels of government to mobilize in areas of concern to them.

Let me close with this. Old people are divided into young-old—those between 65 and 70—and old-old—those over 75. They are the fastest growing segment of our society. This is a social achievement, but it is a shift in the number of people retiring and the number of people employed. It has not only greyed our people, but it has greyed our budget. Today, life expectancy for men is 70 years, and for women 77 years. Life expectancy at 65 is now twelve years for women and five for men, so we have to ask ourselves at what age a person becomes dependent. Sixty-five has always been an arbitrary retirement age based on medical assumptions which medical people now disown and repudiate.

The old-old will have special problems—health and housing—and two-thirds of them are women, widowed and not provided for by husbands' pensions. The new generation of young-old can be involved in the labour force and other community activities. Time, good health, new interests and life for them can really begin at 50. To that end, a minister of aging can give young-old Canadians new hope, and old-old comfort in their declining years. As both the young-old and old-old, you may be able to recognize yourselves sooner or later.

● (2200)

**Senator Marshall:** Honourable senators, after listening to that learned discourse, I would like to adjourn the debate so I may make some comments later.

On motion of Senator Marshall, debate adjourned.

## GOVERNMENT HOUSE

### INVITATION TO SKATING PARTY

**The Hon. the Speaker:** All honourable senators and their wives are warmly invited to attend a skating party at Government House on February 7. No one is compelled to take part in the outdoor activities, but Their Excellencies are anxious to meet as many senators as possible, and it is hoped that all who can will respond to their gracious invitation.

The Senate adjourned until Thursday, February 1, at 2 p.m.

# THE SENATE

**Thursday, February 1, 1979**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Wellington County Board of Education, Guelph, Ontario, dated January 23, 1979.

2. The Municipal School Board of Annapolis County, Annapolis Royal, Nova Scotia, dated January 26, 1979.

Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Rainycrest Home for the Aged and its executive group, dated January 29, 1979.

2. Corporation de Gestion La Verendrye and its executive group, dated January 29, 1979.

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1978, pursuant to section 5 of the Department of Energy, Mines and Resources Act, Chapter E-6, R.S.C., 1970.

Report of the Road and Motor Vehicle Traffic Safety Branch of the Department of Transport for the fiscal year ended March 31, 1978, pursuant to section 20 of the Motor Vehicle Safety Act, Chapter 26 (1st Supplement), R.S.C., 1970.

Report of operations under the International River Improvements Act for the year ended December 31, 1978, pursuant to section 10 of the said Act, Chapter I-22, R.S.C., 1970.

Document entitled "Response of the Federal Government to the Recommendations of the Consultative Task Force on the Canadian Forest Products Industry", dated February 1979, issued by the Minister of State and President of the Board of Economic Development Ministers.

Document entitled "Response of the Federal Government to the Recommendations of the Consultative Task Force on the Canadian Shipbuilding Industry", dated February 1979, issued by the Minister of State and President of the Board of Economic Development Ministers.

Special Report of the Canadian Human Rights Commission entitled "Human Rights in Canada . . . The Years Ahead", dated January 1979, incorporating recommendations from the National Conference held in Ottawa, December 8, 9 and 10, 1978, pursuant to section 47(2) of the Canadian Human Rights Act, Chapter 33, Statutes of Canada, 1976-77.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

### SPECIAL COMMITTEE ON THE CONSTITUTION—BUDGET TABLED

**Senator Laird,** Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the supplementary budget of the Special Committee of the Senate on the Constitution.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

### REPORT OF COMMITTEE PRESENTED

**Senator Smith (Colchester),** Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, January 30, 1979

The Standing Senate Committee on Transport and Communications to which was referred Bill S-6, intituled: "An Act to exempt certain shipping conference practices from the provisions of the Combines Investigations Act" has, in obedience to the Order of Reference of Wednesday, November 22, 1978, examined the said bill and now reports the same with the following amendments:

1. *Page 6, Clause 8:* Strike out lines 8 to 11 and substitute the following:

"(*c*) paragraph 7(1)(*e*) shall be filed with the Commission not later than thirty days after the day on which the revision or alteration comes into effect, but a written notification of such revision or alteration shall be given to the Commission not later than the day on which it comes into effect."

2. *Page 6, Clause 10:* Strike out line 18 and substitute the following:

"filed pursuant to section 7 and every notification given to the Commission pursuant to paragraph 8(*c*) shall, on applica-"

3. *Page 6, Clause 10:* In the French version only, strike out lines 22 and 23 and substitute the following:

"l'article 7."

4. *Page 7, Clause 13:* Strike out line 24 and substitute the following:

"sion pursuant to section 7 and of all notifications in force that they have given to the Commission pursuant to paragraph 8(*c*)."

5. *Page 7, Clause 14:* Strike out line 30 and substitute the following:

"mission pursuant to section 7 and of any notification of an alteration or revision of such tariffs given to the Commission pursuant to paragraph 8(*c*)."

6. *Page 8, Subclause 16(2):* In the French version only, strike out lines 19 to 27 and substitute the following:

"(2) Les renseignements, de nature confidentielle, qu'un membre d'une conférence produit, conformément aux règlements établis en vertu du paragraphe (1), sur ses opérations commerciales ne doivent pas être rendus publics d'une façon qui permettrait leur accès aux concurrents des personnes concernées par ces renseignements."

7. *Page 9, Clause 18:* In the French version only, strike out line 34 and substitute the following:

"amende maximale de cinq cents dollars pour chaque"

Respectfully submitted,
George I. Smith
*Chairman*

**Senator Smith (Colchester):** Honourable senators, I should just like to add, if I may, that the committee held a total of nine meetings and heard 20 witnesses, a number of them on more than one occasion. I should like to thank the members of the committee for the great help they were in considering this bill.

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

**Senator Smith (Colchester)** moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 6, 1979, at 8 o'clock in the evening.

Before the question is put, I should like to give you an outline of the work we have in store for next week. We expect that a bill will be introduced on Tuesday evening, and it is possible that Bill C-2, to amend the Health Resources Fund Act, will also come before the Senate next week. We shall also continue consideration of the other items presently on the order paper.

The committee schedule for next week is heavy. On Tuesday the Special Committee on the Northern Pipeline will meet at 9.30 a.m., and the Legal and Constitutional Affairs Committee will meet at 2 p.m., on the subject matter of Bill C-9, the Canada Referendum Act. At 2 o'clock, the Special Committee on Retirement Age Policies will meet. At 2.30 p.m., the Standing Committee on National Finance will meet to continue its examination of the estimates of the Department of Regional and Economic Expansion.

On Wednesday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m. on the subject matter of Bill C-37, the income tax amendment bill. That committee will also meet at 2.30 p.m. to consider the subject matter of Bill C-15, the Banks and Banking Law Revision Act. The Special Committee on the Northern Pipeline will meet at 2 o'clock, and the Legal and Constitutional Affairs Committee has also scheduled a meeting for 2 o'clock to consider the subject matter of Bill C-9. The Subcommittee on Childhood Experiences as Causes of Criminal Behaviour will meet at 4 p.m.

On Thursday, the Special Committee on Retirement Age Policies will meet at 9 a.m., and the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to consider the subject matter of Bill C-37. Also at 9.30 a.m., the National Finance Committee will meet to continue its examination of the estimates of the Department of Regional and Economic Expansion. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 o'clock, and the Special Committee of the Senate on the Northern Pipeline has scheduled a meeting for Thursday when the Senate rises.

Motion agreed to.

● (1410)

## FOREIGN AFFAIRS

### SAFETY OF CANADIAN CITIZENS IN IRAN—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, this afternoon I have several replies to questions. It may be useful for me to provide those answers today, if honourable senators are prepared to be tolerant with me.

**Senator Flynn:** As usual.

**Senator Perrault:** A number of senators have directed inquiries to me and to other ministers with respect to the safety of Canadians in Iran.

I can report to the Senate that the number of Canadians in Iran has fallen from 1,500 in September to approximately 150 at the present time. Although we have had no reports of any of those who remained having been injured, the government has decided, in light of the latest developments in Iran, to remove some dependants and non-essential staff members from the Canadian embassy in Teheran until conditions improve. The

embassy is now contacting Canadians in Iran and is reiterating the advice given them at year end to consider leaving if they had no compelling reason to remain.

In view of the probable inability of civil airlines to provide sufficient seats for those wishing to leave, the government is arranging for a Canadian Armed Forces aircraft to be in Ankara tomorrow ready to carry out an evacuation from Teheran as soon as conditions permit.

## THE ECONOMY

FOREIGN EXCHANGE CONTROLS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, there have been questions asked in the Senate, and a good deal of speculation in the media, on the subject of foreign exchange controls. On behalf of the government, I should like to make the following statement.

The Minister of Finance has stated categorically on several occasions that the government has no intention of introducing foreign exchange controls. Such a system would require a very sizable administrative apparatus, in the view of the government, and would impose a considerable burden on the private sector. Its very existence would serve as a barrier to the international flow of goods, services and capital, which are of such vital importance to Canada, and thus it would ultimately be counterproductive.

The government is concerned about the size of our current account deficit and has taken steps in a number of areas to increase productivity, reduce inflation, and promote efficiency in the Canadian economy. The depreciation of the Canadian dollar has also made an important contribution to improving our international competitiveness. These developments have begun to have an impact on our external position. The growth of export volumes substantially outpaced that of imports in both 1977 and 1978, an improvement which was masked by the adverse price effects of the dollar's depreciation, and we expect further substantial benefits in the future.

While the process of adjustment in the current account is taking place, and in the light of relatively low levels of external borrowing over the last year by provinces, municipalities, and corporations, the federal government has supplemented capital inflows through these channels and has borrowed abroad to replenish reserves lost in the course of maintaining orderly conditions in the exchange market.

May I repeat that the government has no intention of introducing foreign exchange controls?

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

ATTENDANCE OF SENATORS AS OBSERVERS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked by the Honourable Senator Bell with respect to the attendance of senators as observers at the Federal-Provincial Conference of First Ministers.

The federal government has allocated 25 seats for observers at open portions of such conferences. Of those seats, 23 are reserved for parliamentary observers from the various parties in a ratio determined by party standings in the other place. It is then the responsibility of the various parties to decide how they will distribute the seats.

Members of the Senate, as members of Parliament, have been observers at past conferences, and all senators and members of Parliament in the other place may make representation to their party leader or whip if they wish to attend the Conference of First Ministers.

The agenda for the forthcoming conference is a confidential document at this time. It is restricted to delegates and therefore cannot be distributed. Should the agenda be made public in advance of the meeting, it would, of course, be available to members of the Senate.

## GRAIN

DELIVERY TO EXPORT POSITIONS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on January 23 Senator Olson asked whether an agreement had been worked out between the provincial governments, the federal government, the railways and the grain companies, by which we could increase our grain exports and our capability to deliver grain to export positions, especially those on the west coast, and more specifically the port of Prince Rupert.

The federal government and the provincial governments have announced their willingness to assist in the construction of new facilities on the west coast. The federal government expressed the desirability of a new Prince Rupert terminal several years ago, and it has been almost a year now since it announced the availability of $16.3 million for site development costs on Ridley Island at Prince Rupert. The Alberta government recently announced its interest in providing financing for terminal elevator construction. All governments are in agreement that additional capacity on the west coast is desirable.

The actual decision to construct new grain handling facilities at the west coast, however, rests with the private trade.

A consortium of grain-handling companies has been studying the feasibility of constructing a new terminal for several months. It is understood that they are very near making a decision, but that matters such as who will operate the present government terminal and the negotiation of financing must yet be determined.

## FOREIGN AFFAIRS

SANCTIONS AGAINST RHODESIA AND SOUTH AFRICA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, questions were asked by Honourable Senators Forsey and Walker on December 20, 1978, regarding sanctions against Rhodesia and South Africa.

With respect to Rhodesia, Canada is bound by the various resolutions of the UN Security Council, which enacted sanctions against the rebel régime, in particular Resolution 253 of May 29, 1968. These mandatory sanctions, arising from the determination that the Rhodesian situation constituted a threat to international peace and security, include a broad range of political and economic measures designed to bring the full weight of the international community to bear on the régime. Until a satisfactory resolution of the situation is found, involving a real transfer to majority rule and bringing with it international recognition, we do not expect the Security Council to revoke the sanctions.

In November 1977, the Security Council determined that "having regard to the policies and acts of the South African government, the acquisition by South Africa of arms and related matériel constitutes a threat to the maintenance of international peace and security." The council, therefore, acting under Chapter VII of the Charter of the United Nations, unanimously decided to impose an embargo of arms and related matériel against South Africa.

Canada, which has maintained a voluntary embargo on the export of arms and military equipment to South Africa since 1963—it extended that embargo in 1970 to include the sale of spare parts for such equipment—voted in favour of the Security Council resolution. In doing so, the government confirmed a long-standing Canadian policy.

In the course of his statement on Namibia on November 28 to the House of Commons Standing Committee on External Affairs and National Defence—Issue No. 1 of Wednesday, November 22 and Tuesday, November 28, pp 1:4-1:21—Mr. Jamieson set out the Canadian position on other types of possible sanctions. He explained the efforts that the Western Five members of the Security Council were making to obtain the co-operation of the South African government to bring about an internationally acceptable settlement in Namibia, and to avoid escalating the issue to the point where sanctions might be unavoidable. At a later point in his statement he stressed that "if there were to be sanctions, they must be taken on an international basis." He also underlined the detrimental effects that sanctions against South Africa would have against the neighbouring African states.

Mr. Jamieson, while not ruling out consideration of the question of sanctions, made it clear that our primary objective was to seek a peaceful settlement of the Namibia dispute, and that a decision by the Canadian government on the question of sanctions would have to be taken in the light of prevailing circumstances as well as the sort of sanctions contemplated, and their implications.

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, questions have been asked about the use of the social insurance number on mail to armed forces personnel overseas.

[Senator Perrault.]

• (1420)

Prior to January 1, 1968, each service—navy, army and air force—utilized a different identifying number system; for example, navy 56432-H, army SB 153805, air force 226012. There were also different formats used within each service for officers, men and reserve forces. With the commencement of the integration of the three services, the adoption of a single system of identifying numbers became essential. Rather than introduce an additional system, it was decided in the interests of efficiency and the convenience of service members to utilize the existing SIN number for this purpose.

This was a departmental decision made by management, and there was and is no requirement to seek the approval of individual members of the armed forces.

## INDUSTRY, TRADE AND COMMERCE

### REISMAN REPORT ON THE CANADIAN AUTOMOTIVE INDUSTRY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on December 12, 1978, Senator Bosa asked the following question:

> If I may direct a question to the Leader of the Government, now that the government has received the Reisman report on the automotive manufacturing industry in Canada, is it the intention of the government to consult the industries affected before formulating its policy on the matter?

Parties affected by the recommendations contained in the Reisman report on the Canadian automotive industry were invited to make known their views prior to government considering these recommendations. Submissions have been received from provincial governments and from associations representing vehicle manufacturers, parts manufacturers and material suppliers. The Automotive Sector Task Force has met and provided the Minister of Industry, Trade and Commerce with its views. The minister will be meeting with a labour delegation in early February. The views expressed will be carefully weighed before any policy is finalized.

## FOREIGN AFFAIRS

### BELL CANADA—OWNERSHIP OF CONTROLLING INTEREST IN IRAN—QUESTION ANSWERED

**Senator Perrault:** On January 24 the Honourable Senator Norrie asked the following question:

> Honourable senators, I should like to ask a question of the government leader. Could he find out—I am asking this question on behalf of someone who has sought this information from me—who owns the controlling shares of Bell Canada in Iran? Is it Canada or Iran?

I have now been informed by Bell Canada that Bell Canada has no holdings in Iran and does no business there. It is possible that Bell Canada has been confused with U.S. Bell.

## TRANSPORT

APPLICATIONS FOR POSITIONS AS STEWARDS AND STEWARDESSES WITH AIR CANADA—QUESTION ANSWERED

**Senator Perrault:** On January 24 the Honourable Senator Marshall asked a question regarding applications for positions as stewards and stewardesses with Air Canada.

Air Canada received more than 9,000 applications for the position of flight attendant in 1977, confirming the information which the senator presented to the Senate. Although there were no vacancies that year, 35 of these applicants were interviewed for possible future employment.

The airline did not recruit applicants through advertising in 1977 or in 1978.

A high percentage of these spontaneous applicants, as they are described, do not meet the basic minimum requirements for the position which is indicated on the application form.

In 1978 the airline hired 171 flight attendants, and anticipates it will hire some 400 more to meet the requirements for the summer peak period of 1979. To this end Air Canada is currently recruiting through paid advertising to find the best possible people to fill these positions.

## FOREIGN AFFAIRS

HALIBUT FISHING INDUSTRY—INTERIM AGREEMENT BETWEEN CANADA AND THE UNITED STATES—QUESTION ANSWERED

**Senator Perrault:** On January 24 last the Honourable Senator Austin asked a question about the Canada-U.S. maritime boundaries fishery negotiations. Other senators have made inquiries on this subject as well. Senator Austin is not here this afternoon—

**Senator Flynn:** As usual.

**Senator Perrault:** Honourable senators, there is an early date on this particular reply, and I believe it to be in the interests of the Senate that I should give the answer at this time.

**Senator Flynn:** I do not mind. I just wanted to tease you about the usual attendance of Senator Austin.

**Senator Perrault:** I understand Senator Austin is in Ottawa today. He probably slipped out of the chamber temporarily.

Senator Austin's question was as follows:

> My question to the government leader is whether it would be possible for Canadian and American negotiators to effect an interim agreement, for this year at least, with respect to the halibut fishery on the Pacific coast, so that in the fishing season, which starts within the next month or two, a very serious economic loss to British Columbia fishermen can be prevented.

Honourable senators, I can report that Canadian and U.S. negotiators will be meeting in Ottawa on February 6 to explore the possibilities of either a permanent or an interim west coast fishery agreement, and in particular the question of Canadian access to halibut in U.S. waters.

EAST COAST FISHERIES—CANADA-UNITED STATES AGREEMENT—QUESTION ANSWERED

**Senator Perrault:** Honourable Senator Marshall asked a similar question, as follows:

> Honourable senators, I have a supplementary question on the same subject concerning the evident agreement on the east coast between Canada and the United States. The Leader of the Government indicated that temporary boundaries would be designated. Is there any possibility of our getting the information, and, indeed, a map, showing the boundaries that have been established on the east coast of Canada between Canada and the United States in the fisheries cold war?

The question of an agreement on a temporary east coast maritime boundary is inaccurate. The Canadian and U.S. special negotiators have recommended a permanent east coast fishing agreement and that the question of maritime boundary delimitation be referred to binding third party settlement procedures. Pending the coming into force of the fisheries agreement, fishermen of both countries continue to fish in the disputed area of the Georges Bank.

**Senator Smith (Colchester):** Honourable senators, I am not clear whether the answer of the Leader of the Government included an indication that the settlement of disputes as to boundaries on the east coast would be referred to arbitration or some similar procedure.

**Senator Perrault:** I can only repeat that negotiators on both sides of the line have recommended a permanent east coast fishing agreement and that the question of maritime boundary delimitation be referred to binding third party settlement procedures, which could conceivably take some time.

EAST COAST FISHERIES—CANADA-FRANCE AGREEMENT—QUESTION

**Senator Marshall:** I can understand and appreciate that negotiations between Canada and the United States will be mutually beneficial. I wonder if the Leader of the Government could extract information about conflicts that have been the result of ongoing negotiations between France and Canada concerning St. Pierre and Miquelon and the boundaries that should be established there beneficial to both countries, particularly Newfoundland.

**Senator Perrault:** A report will be brought to the Senate on that subject just as soon as it is available.

## THE ECONOMY

FOREIGN EXCHANGE RESERVES—QUESTION

**Senator Manning:** Honourable senators, there have been a number of statements recently indicating that the accumulated foreign exchange reserves are depleted, and they are now being replenished only by further borrowings from abroad. Could the Leader of the Government confirm whether that is the present situation?

**Senator Perrault:** Honourable senators, I do not have the current up-to-date information on that subject, but that information will be sought from the Department of Finance.

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

PUBLIC SESSIONS—QUESTION

**Senator Manning:** Could the Leader of the Government advise how many of the sessions at the First Ministers' Conference will be open to the public, or is the entire conference closed?

**Senator Perrault:** I can only repeat that there will be a greater percentage of private sessions than there were at the last meeting in Ottawa. I cannot give the exact allocation of private sessions in relation to public sessions.

## SOCIAL INSURANCE NUMBER

PROPOSED STUDY OF USE—QUESTION

**Senator Grosart:** Honourable senators, could the Leader of the Government indicate if the government has established a commission to consider the uses to which the social insurance number may be put on a compulsory basis in the public and private sectors; if so, what are the terms of reference of such commission, who are its members and when it is expected to report?

**Senator Perrault:** Honourable senators, the matter has been under discussion, and consideration is being given to the proposal of having that subject studied. Indeed, it has been suggested that this might be a subject that could be studied by the Senate, but no decision has been taken.

## GRAIN

INITIAL PRAIRIE PRICES—QUESTION

**Senator Olson:** I should like to direct a question to the Leader of the Government respecting the initial prices for grain to be paid on the prairies. What I am interested in is the date on which producers can expect an announcement, because in recent press releases the minister responsible for the Wheat Board has talked about a rather substantial final payment for the year that has just ended. He indicated that this had improved because export prices increased in the latter part of 1978. This fact would also have an effect on the amount that will be offered in the initial prices for the coming season. Could the leader obtain an early announcement respecting that date so that producers will know it in advance of seeding?

**Senator Perrault:** That question will be taken as notice.

● (1430)

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, January 30, the debate on the consideration of the first report of the Special Committee of the Senate on the Constitution.

[*Translation*]

**Hon. Jean Marchand:** Honourable senators, I do wish I could spare you the speech I intend to make this afternoon.

**Senator Flynn:** Why?

**Senator Marchand:** Simply because you will find it repetitious. Some no doubt will think that enough time has already been spent on this issue. But because of the reasons which prompted me to come into federal politics in 1965 and to become a member of the Royal Commission on Bilingualism and Biculturalism, and because for more than 15 years, I have been concerned with the Canadian linguistic duality and its related problems, you will understand that it would be very difficult for me not to comment the report of the Pepin-Robarts task force. My views on the matter—whatever you may think of them—are expressed in earnest and in a non-partisan way. By this I mean that I am not here to protect anyone. I think those who have to defend themselves are quite able to do it alone and that they will, otherwise they will bear the consequences.

I think that the problem we are now experiencing in this beautiful country of ours has existed for so long, it is surprising that, in 1979, we should be studying a report from a public commission of inquiry. As a matter of fact, some attempts have been made to correct the situation. However the leaders of our country, those who have been chosen to lead the Canadian people, namely, the members of the House of Commons, Parliament, the various governments, are probably those who are the least active in the area I wish to deal with.

I have no intention of analyzing the Pepin-Robarts report as a whole. Everyone of you can read it if you have not already done so. That report is intelligent. It is rational. In short, I think it is honest. It is disinterested. Still, it reminds me of a small blue flower under glass: it is pretty to look at, but there is no scent.

As for the technical analysis my colleague, Senator Lamontagne, made of it, an analysis that could interest the Senate, I do not intend to repeat it. But I do think he felt it was necessary in order to demonstrate to what extent it was impossible in practice to create or establish such a Council of the Federation which, in fact, does not belong in our democratic and parliamentary structures as we know them now, and as they have always been conceived. It reminds me somewhat of the very simple story—I do not know whether it exists in English, but this is the way it goes in French: What is a camel? A camel is a horse sketched by a committee. So, what is the Council of the Federation? Precisely that: a horse sketched by a committee.

In any event, I do not intend to go into that part in depth. I should like to establish what contribution the task force has made to the debate which has been going on for a long time and which, to my mind, is on the wrong track and will lead nowhere in good time. The Pepin-Robarts task force has decided—like several others, because it is not the only one, even at the government level—that the main problem in Canada is a constitutional one. So, if it is a constitutional

problem, let us look at those constitutional problems. That strikes me as logical enough. So, when the provincial premiers meet with the federal government, what do they talk about? Well, they talk about the constitutional problems facing this country; about the frictions that may exist, for example, over the federal spending power; about the the declaratory power, the amending formula, and so on. Finally, I think there are enough former premiers here to know what the discussions are all about.

Strangely enough for me who attended those discussions—and you too, for that matter, who sat on the other side—in the past 15 years no member of the public has talked to me about the declaratory power in the Constitution. Nobody has ever talked to me about the federal spending power—never. Indeed, it was a revelation when the Prime Minister maintained it was extremely important that we patriate the Constitution. Some did not even know that it was in London. So I say to you that if our country is divided, well I am sorry but I am not at all convinced that it is a constitutional matter. I am not saying that there are no constitutional problems. Indeed, there are real constitutional problems.

There are constitutional problems that keep evolving because if you take the federal spending power, for example, perhaps that spending power of the federal government should be reassessed today. I agree with the provinces that are asking for that. Why? Because when the federal government enters a particular field, it forces as a consequence provincial governments to make considerable expenditures that very often the provinces cannot afford. So, that will have to be adjusted. But to say that in the past it was an acute problem that might explain the frictions between francophones and anglophones, well, that is going too far, because it was under the spending power set out in the Constitution that nearly all our social security system in Canada was set up. It was that power that made old age pensions possible in 1927. I read in an article written by Mr. Claude Morin, the great Parti Québécois strategist, that there was a continuity in the PQ government's policy that went back to Taschereau in 1927 who had refused old age pensions because it was an intrusion in provincial affairs. That is not true. They were indeed refused by Mr. Taschereau for the simple reason that it was not customary for francophones to ask government support for senior citizens. It was a family obligation. This has nothing whatsoever to do with the Constitution. That's the way it is. Indeed, it is rather funny, taking that example, to realize who accepted old age pensions. The nationalist Mr. Duplessis. He thought it was a very good deal but he certainly did not suggest any amendment to the Constitution.

**Senator Flynn:** He was forced into it.

**Senator Marchand:** I would not like people to say that I did not understand anything. I would not want people to think that I am stupid and say, "Look at Marchand; he thinks there are no constitutional problems". Of course there are. Some of them have been created by the provinces—for example when they decided to go into the area of international relations, which is a federal jurisdiction.

That is why I am saying that there are constitutional problems but they vary considerably. For instance, there is the declaratory power of the Constitution. I have discovered this question here in Ottawa. Well, I am supposed to be educated and I have a social science degree. I have spent 23 years in Quebec public life and with the trade-union movement. But the first time I heard of it I was wondering what was that declaratory power? Then I understood there were new developments. Uranium had been discovered. Petroleum had been discovered and it was extremely important for the provinces involved to protect their interests in these areas. I understood it very well. But to say that this is at the root of difficulties which face English-speaking and French-speaking people, is to ignore what Canada is all about. The problem is real, but this is not the reason why English-speaking and French-speaking Canadians —at least, this is absolutely true as far as French-speaking Canadians are concerned—feel uncomfortable with the state of their Constitution or with public life in Canada? Why do they feel this way? There might be hundreds of reasons which have nothing to do with the Constitution and that the Pepin-Robarts task force has ignored because to them it was not very important. You think it is not important? You think that when a B.C. minister, in 1979, in the middle of a crisis, decides to write a song on "frogs" it has no impact in the province of Quebec? I tell you it has more impact than all the constitutional amendments you might propose.

• (1440)

You think that in Alberta—you will tell me that they are marginal groups—I am convinced that they are marginal but it has serious consequences, like when you scratch an old wound it hurts much more than if you do it on healthy skin. Furthermore, when in Calgary the stickers said, "Let them freeze in the East," they meant us; when in Toronto people booed in a large stadium because French was used, some said it was only a small group. Yes, but if it had been the only incidents since the beginning of Confederation, I would say: After all, it is not so important, we should not take it seriously. But I could give you many other examples for hours and hours. We must try to change that behaviour, that attitude.

Now, there has been the problem of air traffic controllers. It was in 1977 or 1976, I do not remember exactly, but there was a problem with those people. I admit that there was a technical problem, but we did not say right away, "Well the air traffic controllers are wrong. Let us find a technical way to solve that problem." But we had to set up another inquiry commission to determine if it was possible to speak French in the air. It was the first time that a language other than English was spoken in the air. You see? All those things are extremely important. It seems that the others, the anglophones, even in the province of Quebec, do not realize how important this problem is. There is no malice in this. I shall give you a very simply example. The *Gazette*—it is not me who wrote it, it is the *Gazette*—published the following headline a week ago, and I quote:

"Two solitudes come to the West Island"

Some English people moved out of the "West end". Thus, some houses are vacant. They were bought by French Canadians because, I understand, they were rather inexpensive and they settled there. The *Gazette* took an interest in the problem. It asked questions. An old lady was asked if she noticed that some French Canadians had moved to the Western part of Montreal. I am not talking about Vancouver. I am not referring to Saskatoon. I am talking about Montreal where there are 1.5 million French-speaking people. What did the lady answer? I shall mention her name because it has been made public.

[*English*]

> "I have noticed French people moving into the community," Margaret Moore O'Meara of Baie d'Urfe said in an interview this week.
>
> "I heard someone speaking French on the street the other day and it surprised me slightly. But I really can't say I'm bothered about it."

● (1450)

[*Translation*]

Of course, I bear no grudge against this old lady. But if in 1979, after all that has happened, it should be surprising to hear French spoken in the city of Montreal, well there must be something wrong. Anyway, I do not intend to list all possible grievances. I will simply say that after serving on the Laurendeau-Dunton commission, I remember the question asked by André Laurendeau—and those who knew him are very lucky, because André Laurendeau was, to my mind, a great Canadian. He was witty, sensitive, extremely honest and objective. So I was saying that during all our travels across Canada, the question we kept asking ourselves was: Do these two peoples really want to live together? That was the question.

So if you were to ask me what is the ideal solution to this problem, I would tell you there is no ideal solution to such a problem. That is the basic error of the Pepin-Robarts task force. There is no ideal solution to all this. The only possible solution is the one the major components of the country are prepared to accept. It is the only solution. What is the ideal collective agreement? There is no such thing. There is only people who agree on certain basic principles, on a certain framework, and who say: Well, we are ready to accept this framework and to live with it considering the values involved. That is the ideal formula. So what is the ideal formula for Canada? There are some who have said, "At last, we have found it." So we asked Mr. Robarts and Mr. Pepin, two politicians, and they found a solution. It is ideal. It is clear. It looks good on paper. But immediately, the Prime Minister of Canada said, "Listen, there are some parts that we could never accept."

Mr. Lévesque said, "Well, you are afraid of a special status." The reply was immediate: "You are afraid of economic integration into Canada." Because, according to the PQ, if French culture is to be saved, some economic control is required. Which goes against the Pepin-Robarts position.



So for whom, then, is it an ideal solution? If francophones do not want it, and if anglophones do not want it, who wants it? I am telling you there is no ideal solution. We must find a solution that will prove acceptable to the people and that we, as politicians, will be able to "sell" to them.

This will not be done successfully by university professors, former ministers or even former prime ministers or senators. This is not the way things work. It is the people , through their voices, who will make their desires known when electing their representative. What can I say? There are 265 members in the House, and how many in the provincial governments? The same thing goes for prime ministers. The people must have leadership but if none of these gentlemen knows how to do it, then something is wrong.

All kinds of studies have been made on the Constitution—the Laurendeau-Dunton commission, the Pepin-Robarts commission, and now in our wisdom, we have created a committee on the Constitution, a special joint committee of the House of Commons and the Senate, also to study the Constitution. We, in the Senate, have established another one: the Senate Committee on the Constitution. Following a meeting of the premiers during which difficulties arose we established a subcommittee on the Constitution. We certainly do not lack for committees on the Constitution. How wonderful it will be. We will have the best Constitution in the world. But based on our history, I wonder if Canadians are ready to go along with it, to put an end to quarrels between French and English Canadians; if they are ready to live together in harmony.

If every time I speak French in a federal institution it is an anomaly, if French-speaking civil servants feel uncomfortable in their working environment, if problems such as those experienced by air traffic controllers are a daily occurrence, then you can change the Constitution whichever way you want and it will be of no use. Frictions will remain. This is inevitable. I am not blaming those who did the research or those who worked for the task force. I am convinced that they are honest and intelligent people. They did try to find a solution to the problem. But tell me now, who is going to agree with such a solution? Mr. Bennett from British Columbia, because the task force somewhat recommended his approach with regard to the Senate? He found these recommendations excellent and this is not surprising since they were his. I have no objection. But are we really going to do to Canada what the task force calls for?

I do not know too many governments who agreed they would follow such a course. Then what are we going to do? Some day sooner or later when we have finished with all our commissions, when all the necessary information on constitutional matters has been gathered, we will have to face the question: How far are Canadians ready to go? Futhermore is any political party prepared to jeopardize its future on these fundamental issues? This is the kind of reasoning we will have to apply: we want to build our country in this fashion because we know it well. We have had enough studies, enough research and we do know what the main problems are. Mind you, certain things will only disappear with time. Some prejudices

will not die whether we like it or not in spite of all the reports, constitutional texts or whatever. Of course, French-speaking Canadians have some prejudices but English-speaking Canadians do too.

● (1500)

Do not believe that English-speaking Canadians are the only ones to be prejudiced. Both sides are. When someone speaks English, French Canadians say that it is an English Canadian, but sometimes it is an American. They cannot always see the difference. We are dominated by an anglophone economy. However, the economy is not managed solely by English-speaking Canadians, but often by Americans and we do not make the distinction. This is an example of prejudice.

Of course, our political and religious leaders failed to understand what was going on in our society for quite a long time, because when they were asking us to go back to the land as they did—and I saw this myself—from 1930 to 1940, they should perhaps have told us: Go to the cities, work in the industries because they are the source of progress. I could go on about this for a long time.

As for the Pepin-Robarts report, I simply wish to congratulate its authors. They were given their terms of reference and they worked in good faith. I am not blaming them personally. They were given certain terms of reference and worked within this framework as well as they could. Was it wise to establish a new commission? If it had been up to me, I would not have created any commission. I regret what has happened. However, the commission was established and I think that one was enough. In any case, the commission was created and submitted its report.

However, and this is my main point, honourable senators, the Pepin-Robarts report is a very good working paper. Excellent research work has been made. However, I believe that it is going a bit far to present it to the Canadian people as if it were the find of the century, as some people would say. I do not believe this to be true. It is quite simply a nice constitutional model which is perhaps just as worthy as the others. Yet in my opinion it is not the formula which will make people right the wrongs of the past.

**Senator Lamontagne:** It is not even a model, it is a puzzle.

**Senator Marchand:** Yes, indeed. Anyway I do not blame those who were there or anybody in particular. I simply say that it is not the way to solve this problem, if ever it gets solved.

Furthermore, while all these studies are being carried out—and it is the same thing for the reform of the Senate incidentally. Many people are talking about it. This subject is often discussed in this place. However, honourable senators, my opinion on this matter is very simple and it is that if we do not have the courage to tell the government: Well, here is how we want to reform the Senate and we will fight for that, no need to do anything else—if we are not prepared to do that, let us not expect others to solve our problems or if they do then they will solve them in a way which will not be satisfactory for us. So, if we wait for everybody to express his opinion on the Senate, many of us will be dead by then and perhaps the Senate as well will have had enough time to wither with us. Will it be a good or a bad thing? I do not know. Anyway, we are aware of the fact that there is a problem. It has already been studied and, just as with the Constitution issue, I think that it has been sufficiently studied.

Furthermore, as it is being studied and as enquiries are being made, since we are now going to study the Pepin-Robarts report, there are other people who are busy organizing. They are organizing in order to make their ideas win support. They cannot be blamed. I cannot blame them for that. Why should I blame them anyway? They are politicians. They have been elected and they are now plotting their strategy. It is clear that this is what they are doing. It is clear that the Parti Québécois needed time to get organized. It is taking advantage of all these delays. It is taking an enormous advantage of it. I know you are going to tell me that it should not be so. Do you think we would not be doing the same thing if we were in their shoes? Of course we would. There is no doubt about it. The only strategic error we are making is that we are giving time to the others to organize properly. What the PQ is seeking is obviously to keep the support which it accidentally gained in 1974.

**Some Hon. Senators:** In 1976.

**Senator Marchand:** In 1976 indeed, on November 14.

**Some Hon. Senators:** On the 15th.

**Senator Marchand:** On the 15th, I should know better.

**Senator Flynn:** It is a nightmare.

**Senator Marchand:** No, I even forgot that nightmare. There are some people saying, and I have heard the Premier of Quebec say it too: You want to steal our victory! I do not want to steal Mr. Lévesque's victory. However he knew perfectly well there was discontent in the province of Quebec at that time, and he was the only one who stood to gain, in view especially of his assurance that this would not lead to separation. So he gained from that general discontent. What was that discontent? You had genuine separatists, genuine independentists, there is no doubt about that. There still are. But they were joined by a lot of people who had reason to be dissatisfied.

**Some Hon. Senators:** With Bourassa.

**Senator Marchand:** With Bourassa, of course, and also at times with the federal government, because the people do not react that way. Farmers were furious because of the dairy policy; the English were furious because of Bill 22. The people were furious because of hospital strikes; others were furious because of university strikes. There was unemployment. There was inflation. Everyone had a good reason not to be satisfied. And they made their dissatisfaction known. But surely it is going too far to suggest that a vote was a vote for Quebec sovereignty. Once they were in power, they took that opportunity, as any other political party would have done, and they are getting organized while we are studying the matter. I think they are smarter than we are. They are getting organized at the regional level and the local level, and we here are getting

ready to study the task force report, to establish whether there is not somewhere in the declaratory power something that would unite Canada.

Honourable senators, the road to hell is paved with political speeches made by speakers who could not stop speaking before the revolution came. Not wishing to imitate them, I will conclude by saying in summary that this is another report. We have had enough reports. This is a report made by honest people. I have nothing against them. It is simply a working paper that could be useful to those who will work at reconstructing the country in such a way that all components may live in relative happiness. But it is no more than that. Really, it is not the ideal solution inspired by the Holy Spirit, as has been suggested in some circles.

[*English*]

On motion of Senator Petten, debate adjourned.

The Senate adjourned until Tuesday, February 6, at 8 p.m.

# THE SENATE

**Tuesday, February 6, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 14 of the Surplus Crown Assets Act, Chapter S-20 and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of November 1978, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Copies of Second Amendment to the Capital Budget of the Export Development Corporation for the year ended December 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-43, dated January 18, 1979, approving same.

Report of the Department of the Environment for the fiscal year ended March 31, 1978, pursuant to section 7 of the Department of the Environment Act, Part I of Chapter 42, Statutes of Canada, 1970-71-72.

Report of the Restrictive Trade Practices Commission, under the Combines Investigation Act, relating to the Ophthalmic Products Industry in Canada.

## TRADEMARK BILL, 1979

FIRST READING

**Senator Perrault** presented Bill S-11, relating to trademarks and unfair competition.

Bill read first time.

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Thursday next, February 8, 1979, at 2 o'clock in the afternoon.

Motion agreed to.

## NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting on Thursday next, February 8, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(i) moved:

That the names of the Honourable Senators Bourget and Forsey be substituted for those of the Honourable Senators Eudes and Frith on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

• (2010)

## GOVERNMENT ANNUITIES

INCREASE IN INTEREST RATE—QUESTION

**Senator Buckwold:** Honourable senators, I have just received a copy of the annual report on government annuities for 1977-78 in which it is stated that the Government Annuities Improvement Act of December 1975 increased the interest rate from 4 per cent to 7 per cent on annuities which had not yet matured. The report also states—and this is most welcome—that the rate of return is to be reviewed periodically, depending on future variations in interest rates.

My question to the leader is whether such a review is contemplated and whether, in view of the fact that there has been a substantial increase in interest rates generally, the government is considering a higher return on those matured government annuities?

**Senator Perrault:** The question will be taken as notice.

## FITNESS AND AMATEUR SPORT

GRANTS TO MUNICIPALITIES—NATIONAL HOCKEY LEAGUE FRANCHISES—QUESTION

**Senator Molson:** Honourable senators, this week might almost be taken as Hockey Week in Canada; at least the end

of the week will certainly be one that is important to international hockey.

In the light of the announcement by the Minister of State for Fitness and Amateur Sport that the federal government is prepared to subsidize some aspects of professional sport, I should like to ask the Leader of the Government a four-part question in connection with hockey. I must apologize for not giving the leader notice of my question, but, frankly, I did not get round to of it until it was too late.

1. Are the four cities of Winnipeg, Hamilton, Quebec and Edmonton the only cities to be considered for a grant of several million dollars?

2. If so, does that not discriminate against any other city which might expect to work towards entry into the National Hockey League?

3. Will the government give equal treatment to Toronto, Vancouver and Montreal, cities which previously financed their own arenas at great cost?

4. In view of the financial losses to be expected in the cities mentioned for capital grants, has the government given any undertaking to provide annual subsidies to the operations so that the thousands of people who build their hopes and pride on those franchises will not be misled and bitterly disappointed?

**Senator Perrault:** Honourable senators, in view of Senator Molson's extensive and honourable association with hockey over the years, the questions he has posed are of some importance.

First of all, I appreciate the opportunity to state on behalf of the government that the offer of certain grants to a list of specified cities in Canada for arena extension and expansion, should entry into the NHL be granted to these cities, does not exclude the possibility of similar grants being made to other centres across Canada where certain sports facilities are required.

● (2015)

Among a number of important conditions, the government has established the policy that wherever such arenas are established, expanded or extended they must be made available for amateur sport. The announcement last Friday by the Minister of State for Fitness and Amateur Sport related solely to those areas where there has been a considerable degree of public enthusiasm for the idea of applying for entry into the NHL, but other types of assistance in other centres are not excluded.

Furthermore, I should like to state that the availability of federal government assistance under certain other conditions—some of the conditions, I understand, being supplementary and additional support from local governments and provincial governments—is perhaps one of the less significant factors in determining in the ultimate whether Quebec, Winnipeg, Edmonton and Hamilton shall be granted entry into the NHL. I understand that there is a substantial list of other complex and major conditions that would have to be met before any additional franchises would be granted in the National Hockey League.

As honourable senators may be aware, the existence of improved arena facilities does not assure the automatic entry into the NHL of any of these cities. In my view, it would be grossly unfair to other population centres in Canada if the government were to allot funds derived from Loto Canada or from any other taxpayer source exclusively for the purposes of extending and expanding the National Hockey League in this country. The government has indicated that where there is national significance associated with the expansion of certain arena or stadium facilities anywhere in Canada, and where there is financial participation assured from other levels of government, and where amateur groups are going to be benefited, other proposals will be considered. I shall be pleased to attempt to clarify the matter further should the honourable senator not be satisfied with the response.

**Senator Flynn:** Is that the final answer?

**Senator Perrault:** There is no such thing as a final answer.

## INCOME TAX

### ALLEGED GARNISHEEING OF CHILD TAX CREDIT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on January 30 a question was asked by Senator Marshall, who on that occasion expressed serious concern about the child tax credit and amendments to the Family Allowances Act, 1973. He asked for confirmation concerning the benefit of $200 per child directed to the mothers in lower income categories in cases where families, for justifiable reasons, may have fallen behind in their income tax obligations.

While the combined income of husband and wife is used to determine the amount of the child tax credit, the child tax credit is paid to the wife, assuming she is the recipient of the family allowance cheque, regardless of any tax liability of her husband. However, if the wife should herself have a tax liability, the child tax credit would be withheld to offset her liability. But, in the words of Revenue Canada officials, "to be perfectly clear," if she owes no tax she will receive the whole credit she is entitled to, even if her husband has tax owing.

Honourable senators, I hope that is clear.

**Senator Grosart:** Very clear.

● (2020)

## THE ECONOMY

### FOREIGN EXCHANGE RESERVES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have an answer to the question asked on February 1 by Honourable Senator Manning. I think this information should be put on the record because other senators have asked similar questions. Senator Manning said:

> —there have been a number of statements recently indicating that the accumulated foreign exchange reserves

are depleted, and they are now being replenished only by further borrowings from abroad.

He asked for a report on the present situation.

Statements that Canada's official foreign exchange reserves have been "depleted," as cited by Senator Manning, are incorrect. I have been provided with a copy of the monthly statement on Canada's reserves for January which was issued last Friday. It shows that our total reserves as of the end of January amounted to U.S. $4.4 billion. The release also provides a breakdown of this total.

Honourable senators, I would be prepared to include this as part of today's *Debates of the Senate* if honourable senators should so desire.

**Senator Flynn:** Agreed.

**Senator Perrault:** The statement is as follows:

Friday, February 2, 1979

*Official International Reserves*

Finance Minister Jean Chrétien announced today the level and composition of Canada's official international reserves on January 31, 1979, as follows:

(Millions of U.S. Dollars)

| | |
|---|---|
| U.S. Dollars | 2,139.5 |
| Other Foreign Currencies | 20.6 |
| Gold | 995.6 |
| Special Drawing Rights | 696.9 |
| Reserve Position in IMF | 547.6 |
| Total: | |
| January 31, 1979 | 4,400.2 |
| December 31, 1978 | 4,566.2 |
| Change | −166.0 |

The change in reserves in January included a decrease of $30.3 million in SDR-denominated assets reflecting depreciation of the U.S. dollar value of the SDR.

The change also included an increase of U.S. $183.9 million representing the $141.1 million SDRs allotted to Canada in the context of an SDR allocation by the IMF to its members.

There were no drawings on the standby credit facilities. On January 31, 1979, drawings outstanding on the facility with Canadian chartered banks totalled U.S. $1.4 billion and, on the facility with U.S. and other foreign banks, U.S. $1.3 billion.

The reserves as of January 31 do not include any amounts from the borrowing in the Japanese capital market that is currently being negotiated.

## FISHERIES

REPORT OF SINCLAIR COMMISSION—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on January 25 the Honourable Senator Williams asked a question in these words:

I understand that the report of the Sinclair Commission, which has been studying licensing with respect to fisheries in the Pacific region, has been in the hands of the government for some time. When will that report be made available to the public?

The Sinclair Report titled "A Licensing and Fee System for the Coastal Fisheries of British Columbia" will be available to the public as soon as the arrangements for printing and distribution, which are now under way, have been completed.

[*Later*]

FISH PROCESSING AT SEA—QUESTION

**Senator Williams:** I should like to ask the Leader of the Government a further question relating to fishing off the Pacific coast.

Recently it was announced that a vessel costing $4 million would be operating within the 200-mile fishing economic zone off the Pacific coast. It will pack the catch with modern equipment and the product will be sold in a market of the owner's choice according to the market's requirements. In the past, there has been no provision in the legislation and regulations for the processing of catches at sea; in fact, it is prohibited.

Taking into consideration the fact that we now have the report of the Sinclair Commission on a licensing and fee system for the coastal fisheries of British Columbia, I should like to know how it is possible for this group to be permitted to fish and process their catch at sea. What legislation is there to make this possible?

**Senator Perrault:** The question will be taken as notice.

## AIR CANADA

FUNCTIONS OF CHAIRMAN AND PRESIDENT—QUESTION ANSWERED

**Senator Perrault:** A question has been asked about the functions of the Chairman and the President of Air Canada, and there has been interest shown by honourable senators with respect to recent changes in those positions.

I can state that the two Air Canada senior executive positions of Chairman and President were, as honourable senators are aware, established more than 10 years ago. Pierre Taschereau resigned from his post as Chairman of the Board as he wished to lighten his business responsibilities and concentrate on personal endeavours. He will continue as a member of the Air Canada board.

The prime responsibility of the Chairman—now the responsibility of the Honourable Bryce Mackasey—is to provide leadership and organization of the board, ensuring a proper structure for the board to enable it to carry out its role of representing the shareholders. Apart from his board responsibilities, Mr. Mackasey acts as adviser to the President and Chief Executive Officer, and carries out activities related to the development of corporate policies. In particular, he provides guidance to the airline on its social and political responsibilities and purposes.

The President and Chief Executive Officer carries the full responsibility for the overall management of the airline. He is responsible for the interpretation and implementation of broad policies approved by the Board of Directors, the translation of the corporation's mission into strategies, organization design and practices, specific objectives and detailed policies for the operation of the company. As the sole member of both management and the board, he represents each to the other, and is responsible for maintaining a smooth and efficient working relationship.

As a commercial crown corporation, Air Canada considers the salaries of its executive management to be proprietary information.

**Senator Flynn:** The leader said that these positions were established 10 years ago. Unless I am mistaken, when Mr. Pratte was Chairman of the Board he was also the Chief Executive Officer. Mr. Claude Taylor was in a secondary position to him. I think it is the reverse now. Unless I am wrong, the present situation does not go back 10 years.

● (2025)

**Senator Perrault:** I understand there have been recent re-definitions and clarifications in the roles and responsibilities of the Chairman, President and Chief Executive Officer of Air Canada in order to ensure a more efficient operation of the airline.

**Senator Flynn:** Then you do not maintain that these were defined 10 years ago?

SUGGESTED SALE TO PRIVATE INTERESTS—QUESTION

**Senator Marchand:** I have a question for the Leader of the Government. Is the statement by Mr. Taylor to the effect that it would be a good thing to sell Air Canada to private interests the policy of the government, or is it an idea Mr. Taylor entertains himself; if so, was he advised on this by Mr. Mackasey?

**Senator Perrault:** Honourable senators, I understand that one member of the cabinet did suggest the possibility of selling some Air Canada shares to the private sector. However, I must take the question as notice and provide a fuller explanation at a later date.

**Senator Grosart:** That is very wise.

**Senator Flynn:** Perhaps Mr. Taylor was not consulted on the appointment of Mr. Mackasey.

## TRANSPORT

EQUIPMENT PURCHASED BY VIA RAIL FROM CNR—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 17—**By Senator Fournier** (*Madawaska-Restigouche*):

With reference to the amalgamation of rail passenger service in Canada to form one service called "VIA Rail", how many locomotives, rail diesel cars, parlor cars, restaurant cars, pullman cars and coaches have been assigned by Canadian National Railways to VIA Rail, and at what cost?



*Reply by the Minister of Transport:*

The following CNR equipment was purchased by VIA Rail at a total cost (net book value) of $52,022,642:

120 locomotives

44 rail diesel cars

741 passenger cars (all types)

90 steam and electric generators.

EQUIPMENT PURCHASED BY VIA RAIL FROM CPR—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 18—**By Senator Fournier** (*Madawaska-Restigouche*):

With reference to the amalgamation of rail passenger service in Canada to form one service called "VIA Rail," how many locomotives, rail diesel cars, parlor cars, restaurant cars, pullman cars and coaches have been assigned by Canadian Pacific Railways to VIA Rail, and at what cost?

*Reply by the Minister of Transport:*

The following CPR equipment was purchased by VIA Rail at a total cost (net book value) of $13,657,627:

28 locomotives

38 rail diesel cars

197 passenger cars (all types).

COMPENSATION TO CNR AND CPR FOR USE OF THEIR EXISTING FACILITIES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 19—**By Senator Fournier** (*Madawaska-Restigouche*):

With reference to the amalgamation of railway passenger service in Canada to form one service called "VIA Rail," will VIA Rail compensate Canadian National Railways and Canadian Pacific Railways for the use of their existing facilities already in service?

*Reply by the Minister of Transport:*

Yes, at rates consistent with Costing Order R-6313 of the Canadian Transport Commission.

## FISHERIES

ANNUAL SEAL HUNT—MAGDALEN ISLANDS SEALERS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 28—**By Senator Marshall:**

1. How many sealers in the Magdalen Islands derive a livelihood from Canada's annual seal hunt?

2. What is the reaction of the Minister of Fisheries and the Environment or the Member of Parliament concerned to the reported offer of millionnaire Franz Weber to pay sealers $80,000.00 per year if they vote to renounce the

seal hunt, and is this matter being investigated, and, if not, why not?

*Reply by the Minister of Fisheries and the Environment:*

1. One thousand five hundred and twenty-five sealer's licences were issued in the Magdalen Islands in 1978.

2. We understand that Mr. Franz Weber had, in September 1978, offered approximately $50.00 to each Magdalen Islands sealer licenced in 1978 if he would not hunt seals in 1979. This amount would not offset the income derived by these fishermen from sealing last year. Mr. Weber further proposed that a referendum on sealing be conducted in the Magdalen Islands by its county council. The council referred this proposal to the Magdalen Islands Sealers Association, which recommended against holding the proposed referendum. At its November 29, 1978, meeting, the Magdalen Islands County Council decided that Mr. Weber's proposed referendum would not be held.

## OFF-TRACK BETTING

MOTION TO AUTHORIZE STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—DEBATE ADJOURNED

**Hon. Raymond J. Perrault** moved, pursuant to notice of Tuesday, February 6, 1979:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, and, in particular,

(a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from parimutuel betting;

(b) the concept, structure and effectiveness of a so-called "home marketing area" for each track, with particular reference to equitability and enforceability;

(c) the legislative and regulatory framework in which such a system would be best implemented; and

(d) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

• (2030)

He said: Honourable senators, off-track betting is a subject of considerable interest to thousands of Canadians from coast to coast. Horse racing is a popular sport in many parts of Canada, and has been since before Confederation; indeed since the very presence of man on this continent. Whether it be thoroughbred racing or standard-bred pacing at the harness tracks in various parts of Canada, many Canadians regard horse racing as an exciting and popular pastime.

The Senate, with its function and tradition of representing the regional interests of Canada—

**Senator Flynn:** Oh, oh.

**Senator Perrault:** —is perhaps the ideal forum to investigate a matter which has been debated without conclusion for a number of years. Here is an opportunity for the Senate to demonstrate its interest in the significant problems of all Canadians, wherever they live and whatever their problems may be.

Senators will recall that the introduction of illegal messenger services in Canadian cities in the late 1960s prompted a serious look at legalized off-track betting. These messenger services advertised their intention to take wagers from the public. They would do that for a fee and take the money out to the tracks. In other words, they would perform a service for people who wanted to bet but did not want to be or could not be physically at the race track.

Those services were found to be illegal, but the practice demonstrated that a market for off-track betting existed and, in fact, legislation was introduced in 1972 only to die on the order paper.

Today, over six years later, the question is still unresolved. There has been much study undertaken, much debate, and many stories in the media, but no decision.

I think it is to the credit of the Senate that the Minister of Agriculture—who at times in the past has made certain uncomplimentary remarks about the Senate, but who now obviously recognizes its value—has agreed that the Senate be asked to study the matter and make recommendations. It is recognition of the valuable investigative capacity and the flexibility of our committees that we have been asked to do this. Of course, it will add to the heavy committee workload, but by undertaking this study the Senate will once again show to the public that this house is prepared, when asked and requested, to make a worthwhile contribution to varied aspects of Canadian life.

The wording of this motion shows that the committee's work will need to be comprehensive and definitive. The racing industry itself has spent a lot of time and money arguing the pros and cons of off-track betting. Certainly the time has arrived for a solution, one way or the other.

First, the motion calls for studying the economic effect on the industry of legalized off-track betting and the distribution of revenues. Some racing centres argue that their costs are spiralling and that they need this new impetus of funds in order to improve their purses. This, in turn, will reflect to the benefit of the Canadian breeding industry which, in recent years, has become a dominant factor in international racing.

Conversely, operators of some standard-bred tracks claim that off-track betting would mean their very extinction. They have argued that if people could place a bet without attending the track in person, it would have a disastrous effect on attendance. They claim that the "rural charm" of harness racing would be lost to thousands of Canadians.

● (2035)

Thus this Senate committee has also been requested by the Minister of Agriculture to examine the effectiveness of so-called "home marketing areas". This could prevent the siphoning off of bets from one area to another. The committee will have to examine the various systems already in operation around the world.

I am certainly not an expert on horse racing or horse betting—

**Senator Flynn:** Or on anything else.

**Senator Perrault:** The honourable leader on the other side speaks of expertise. I do not know how well his party is doing in the political horse races these days, but it seems to me they are fading in the stretch.

**Senator Flynn:** They are doing all right.

**Senator Perrault:** They appear to be bogged down on a muddy track right now.

**Senator Marshall:** Want to place a bet, off track?

**Senator Perrault:** I do not know if there are any experts in this chamber on the various systems, but there are authorities who claim that the methods adopted in New York are a disaster from every point of view, while others say the system in effect in our sister Commonwealth nation of Australia could be exported to Canada with fair and favourable effect.

In addition, the committee is being asked to consider the legislative and regulatory framework in which such a system would be best implemented. One obvious question is whether the federal government, which presently takes a minuscule portion of horse racing revenues, should allow each province to decide for itself whether it wants off-track betting; in other words, whether this should be a purely provincial responsibility.

Finally, the committee is being asked to investigate the effects of off-track betting on society, and other related questions. There is no question that the drive for off-track betting has been accelerated because many segments of the industry believe that the lotteries have become convenient and richly-advertised competition for the gambling dollar. There is also the view, held by certain police chiefs, notably in metropolitan areas, that there is a considerable amount of illegal betting on horse racing at this time, and that legalized betting would take away money which presently fuels the activities of organized crime.

There will be over 20 horse races shown on national television this summer—more than ever. This will create more interest in racing, but it might be naive to think that every viewer will tune in just to see if the breed is improving. It could well be that many Canadians not present at Woodbine will welcome the opportunity to test their ability with cash to find the winner of the Queen's Plate and other such races.

All in all, honourable senators, this is a far-reaching and useful study that we have been asked to carry out. Our recommendations will be awaited with interest in many parts of Canada.

[Senator Perrault.]

I respectfully submit that the Senate will be performing a public service by undertaking such a study.

**Senator Riley:** Honourable senators, may I be permitted to ask a question of the Leader of the Government? Can he tell me why, especially since the opponents of off-track betting are mostly the people involved with small country fairs, he would direct this study to the Standing Senate Committee on Legal and Constitutional Affairs. Apparently betting is controlled, or regulated, by the Department of Agriculture. We have a good Agriculture Committee here in the Senate, and I can tell you that the people involved in these small fairs who are opposed to off-track betting will hesitate, especially in light of the conference of the first ministers of the country that concluded today, to come before the Legal and Constitutional Affairs Committee, whereas they would be very happy to make representations before the Agriculture Committee. This is something to which I think we should give consideration.

● (2040)

**Senator Perrault:** Honourable senators, arguments can be made on both sides of the question. The one thing I think we can all agree on is that the subject of off-track betting is primarily a legal matter. Senator Riley may be arguing the fact that off-track betting relates primarily to the question of horse breeding and the development and health of Canada's equine resources, but it seems to me that, on balance, the subject is clearly a matter for consideration by our Legal and Constitutional Affairs Committee.

**Senator Grosart:** Honourable senators, I asked the Leader of the Government on an earlier occasion whether he would consider it appropriate to have this matter dealt with by a special committee of the Senate. I can understand his reluctance to suggest the setting up of a special committee for this purpose in view of the workload and the scheduling problems as far as Senate committees are concerned. I do, however, have some sympathy with the suggestion of Senator Riley that perhaps the Agriculture Committee is the more appropriate committee to consider the matter.

I am not against referring the question to the Legal and Constitutional Affairs Committee, but it can hardly be described as either a legal or a constitutional matter. To some extent, it is a moral issue.

**Senator Walker:** It is an immoral issue.

**Senator Grosart:** It would certainly have been much more of a moral issue before the Government of Canada itself got into the off-track betting business. Without in any way consulting the Canadian public, it was decided that the Government of Canada should go into the off-track gambling business. I regretted that decision at the time, and I still regret it.

This is not the time to discuss the pros and cons of off-track betting. We are dealing now with only the motion to refer the matter to the Legal and Constitutional Affairs Committee. I am sure it is a question which will be thoroughly discussed and on which there will be many representations from varying viewpoints.

There is a tendency to think that this would refer just to horse races—harness racing, flat racing and steeplechasing. It is already obvious that this may well be the opening for off-track and on-track betting on dogs. I am sure that is a matter which will be raised before the committee.

I would hope that the committee, in considering and reporting upon this very important matter, will give thorough consideration to the conscience of the Canadian people. I hope that the committee, in addition to considering the economic aspects of off-track betting—the provision of yet another means of making money to certain elements of our society—will take into consideration the fact that off-track betting will add to the totality of the gambling opportunities open to the Canadian people.

**Senator Goldenberg:** Honourable senators, as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, I think I should say a word on this question. I certainly did not invite the assignment. When it was mentioned to me, I suggested that perhaps Senator Argue's committee might more appropriately handle it, or that a special committee be established. Personally, I know nothing about racing. As a matter of fact, I have a great prejudice against gambling. For that reason, I would not preside over the hearings on this matter.

I was told that off-track betting is prohibited by the Criminal Code, and for that reason it was appropriate that the subject be referred to the Legal and Constitutional Affairs Committee. What I then proposed to the committee—and, as I recall, the committee agreed with me—was that we set up a subcommittee to deal with this matter. Because of my personal views on the question of gambling, I will neither chair that subcommittee nor be a member of it.

**Senator Langlois:** Honourable senators, I should like to add a few words to what has been said. Dealing first with the contention that this is a subject which should not be referred to the Legal and Constitutional Affairs Committee, surely the fact that it concerns something which is now prohibited by the Criminal Code makes it a legal matter. In addition, because it is expected the committee will have to recommend whether off-track betting should be under federal or provincial jurisdiction, it becomes a constitutional matter. For those reasons alone, the Legal and Constitutional Affairs Committee is the appropriate committee to which the matter should be referred.

As we have been told by the chairman of that committee, there will be a subcommittee established. That subcommittee will be the fact-finding body. Once the facts have been gathered, the whole question will be referred to the main committee for decision.

While the chairman was right in saying that he will not preside over the fact-finding body, the recommendation of the whole committee will have to be made under his chairmanship. It is the whole committee which will have the final say in the matter.

To sum up, because there are legal and constitutional implications to this question, it is my view that the Legal and Constitutional Affairs Committee is the appropriate committee to consider the matter.

**Senator Grosart:** Would the deputy leader, as part of his general definition of this issue as a constitutional issue, say it is one which, under certain proposed legislation, might be the subject of a referendum?

**Senator Langlois:** I do not know whether my honourable friend has read the proposed legislation now under study by the Legal and Constitutional Affairs Committee, but this is not something which would be included in any referendum.

**Senator Grosart:** The bill has reference to anything that is of a constitutional nature.

**Senator Langlois:** I do not think my friend has read the bill. It is limited to matters dealing with the Constitution or involving amendments to the Constitution. The motion now before us simply requests that the committee make a recommendation to Parliament respecting off-track betting. One recommendation could very well be that off-track betting should not be allowed in Canada. In that event, there would be no question of any amendment to the Constitution.

**Senator Hicks:** Honourable senators, I wish to refer to the remarks made by Senator Goldenberg. I think it is a pity that just because he is opposed to gambling he should refuse to chair the committee or be a member of it. There can be no question about it—those who are in favour of gambling will not impose upon themselves the same moral restrictions. As some honourable senators may remember when we discussed the Loto Canada bill, I thought it was disgraceful that the Government of Canada should raise substantial revenues from the sale of lottery tickets. Like Senator Goldenberg, I am strongly opposed to gambling. I think it leads people to believe that the way to get ahead in the world is to get something for nothing, and that you succeed by luck rather than by skill, hard work and energy. I feel we may very well need on this committee some people who have the strong moral feelings and inclination that Senator Goldenberg has confessed to this evening. I would hope that he would not strike himself off the committee.

**Senator Walker:** I should like to say that I am in favour of gambling, and I, for different reasons, should like to see Senator Goldenberg continue as chairman of the committee. It will broaden his horizons, and it will introduce him to some of the joys of life that he has obviously missed in the past. It would do my learned friend, a professor and president of a Nova Scotia university, good if he went to the track occasionally.

Knowing my friend, Senator Goldenberg, for over 55 years, I know that he is a broadminded man. He has often sat in judgment on things that he does not believe in and, while the lamp holds out to burn, the vilest sinner may return and learn that in this twentieth century gambling is here to stay, and it is a very enjoyable pastime. I hope he will reconsider his position.

**Senator Goldenberg:** I appreciate Senator Walker's remarks and his interest in wanting to broaden my horizons, but if my

horizons have not been broadened over the 55 years that we have known each other, they will not be broadened at this stage.

**Senator Flynn:** I merely want to add a footnote. We need not worry too much, because before the committee is able to report, the election race will be on.

**Senator Langlois:** And you won't bet on it.

**Senator Molson:** Honourable senators, I do not disagree with this motion, and I am tempted to agree with Senator Walker that there is an awful lot of enjoyment to be had in life and that sometimes you miss out on some of it, but that can be carried a bit too far. There are some pastimes that we should not want to legalize, and certainly we should not hold a committee inquiry into them. What disturbs me about this proposed inquiry is that we will be taking legalized gambling a step farther. We have already established a national lottery. Although it is well administered and its revenue is being used for useful purposes, for some time now I have been concerned that millions of taxpayers' dollars are being spent on advertising the lottery. I have no objection to people gambling. As a matter of fact, I have been known to have had an occasional fling myself. I am not really opposed to lotteries, but I am strongly opposed to this constant advertising which entices people to get out and win a million dollars. I think it is immoral; I think it is wrong; and I think it is destructive.

Off-track betting now comes up in the context of good breeding of horses. This is sheer nonsense. Off-track betting has nothing whatever to do with horse breeding. Small country fairs, country tracks and big tracks have a lot to do with the breeding of stock, but off-track betting doesn't.

I hope that when our committee studies this question it will do so on the basis of the value of this additional gambling facility to society and that it will not be fooled by any smokescreen about off-track betting being in the interests of creating a finer breed of horses for export. I would be interested to see statistics with respect to the export of horses from Canada. I am sure that it is not going to bring the dollar back to 85 cents. I hope that this matter will be dealt with as it should be—as a straight extension of gambling facilities in Canada.

**Senator Robichaud:** Honourable senators, I was most interested to hear the comments made by my friend Senator Molson, and by other senators with regard to off-track betting. Gambling is a concept that has been accepted in our society. In various ways we seem to be a bunch of gamblers in Canada. Even politicians are gamblers; we like to take chances. I feel that the Standing Senate Committee on Legal and Constitutional Affairs is the best place to resolve this problem for all of Canada. I feel that we can do it without being biased one way or the other. I am not going to go into whether I am for or against off-track betting, but I would say that this committee could do a great job for the country as a whole in this matter.

**Senator Riley:** Honourable senators, I was not surprised at what Senator Goldenberg said, but here you have the Chairman of the Legal and Constitutional Affairs Committee who does not want to have anything to do with a subcommittee formed for the purposes of looking into off-track betting.

[Senator Goldenberg.]

Again I ask the Leader of the Government in the Senate: Why not refer it to the Agriculture Committee?

**Senator Flynn:** What does Senator Argue think about that?

• (2050)

**Senator Asselin:** That would not solve the problem. We will still have to make the study.

**Senator Riley:** But why throw it at this particular committee, when the chairman does not want to be involved in it because he is morally opposed to it.

If you know anything about pari-mutuel betting in Canada, you will know that it is controlled and regulated by the Department of Agriculture. Most of the small agricultural fairs in Canada have race tracks, and the people in those communities like to see their horses competing and to bet on them. For years the pari-mutuel arrangements have been controlled by the federal Department of Agriculture. Up until recently the RCMP regulated the pari-mutuel betting at those tracks.

It is my understanding that the only people who are completely opposed to off-track betting are the people who run the small agricultural fairs, and I don't blame them. However, I do not think the matter should be studied by a committee other than the Legal and Constitutional Affairs Committee. I would go along with Senator Grosart's suggestion that if it is not the Agriculture Committee then it should be an ad hoc committee or a special committee, which would enable us to make a proper study of the whole question and give everyone an opportunity to be heard.

I remind honourable senators that much of the success of these small rural fairs depends on the horse racing and the pari-mutuel betting that takes place. The people who run these fairs will want to come before our committee, but I am not so sure they will want to appear before a subcommittee of the Committee on Legal and Constitutional Affairs. They might well feel intimidated in respect of going before that committee, but I am sure they will want to appear before another committee because they are aggressive and militant in their opposition to off-track betting.

Personally, I have no feeling one way or the other. In fact, I don't go to horse races, although I saw the one on the canal on Sunday. That was a magnificent sight.

**Senator Asselin:** It was a good race, I understand.

**Senator Riley:** It certainly was, yes.

To get back to the point, the question of off-track betting is not unimportant. Someone suggested that it should be handled by the provinces, but to me it is a foolish idea that anything that is distasteful to the central government should be transferred to the provinces. Certainly, the provinces tax pari-mutuel betting, but the federal government is also involved. In fact, the federal government handles the photography and the photo-finishes. The whole thing is completely regulated by the Department of Agriculture, and rightly so.

Someone compared pari-mutuel betting to the lotteries, suggesting that it preys on the poor. I certainly agree that the lotteries prey on the poor, but the people who go to the track to bet on the races are in a completely different situation. The people who go to the race track, if they are wise, bet $2 on a horse to show and they win perhaps ten cents. Those bettors are not looking for a million dollars. Sometimes they even split a $2 ticket, and each one gets five cents on the payoff. To put such a matter before the Legal and Constitutional Affairs Committee is, to my way of thinking, completely out of place.

**Senator Asselin:** Oh, come on!

**Senator Riley:** This matter should go before either the Agriculture Committee or a special committee established for the purpose.

Perhaps the off-track betting aspect should go before the Quebec Crime Commission. Millions of dollars across the country are involved in off-track betting and the government gets absolutely no benefit from it. That money is not taxed, despite the fact that the bookies are making a bundle from it and most of them are involved in organized crime.

The people who bet thousands of dollars at a time in off-track betting just do not want to go to the track. They haven't the time. They would rather pick up a telephone and call a bookie. Well, why not, so long as it is legal? They have legalized the bookies in Britain, and I have never heard any complaints about that, so why not here? As things stand now, more money goes into the hands of the bookies than into the pari-mutuels.

**Senator Asselin:** That is one thing that the people who have studied this want to put a stop to.

**Senator Riley:** The Chairman of the Standing Senate Committee on Legal and Constitutional Affairs wants to set up a special subcommittee to make this study because he does not want it to be conducted by the full committee. I say that we should refer the matter to the Agriculture Committee or a special committee established for the purpose, so that the people concerned will feel free to come before it, and will not be afraid that some kind of conference of ministers is arguing the question.

In conclusion, I say that to refer this matter to the Legal and Constitutional Affairs Committee would be a terrible mistake. It should go to either a special committee or to the Committee on Agriculture.

**Senator Rowe:** Honourable senators, I have just a few words to say on this matter. First, I support the motion, and I do not consider it particularly important what committee considers the matter.

I should like to associate myself with the remarks of Senator Hicks in his appeal to the respected Chairman of the Legal and Constitutional Affairs Committee to reconsider his stand. We appreciate his feelings in this matter. All of us have strong views on matters of this kind. All of us have had occasion to sit on committees, to discuss matters we have found distasteful and to make recommendations. This is perhaps a time when the background, experience, expertise and, I am sure, the objectivity of the chairman of that committee would be very useful.

● (2100)

I agree with Senator Grosart that this is no time to be discussing the moral and philosophical aspect of gambling. However, I want to associate myself with Senator Molson in respect of one matter he raised, on which I have very strong feelings, and that is the advertising of gambling that has been engaged in for the last two or three years. In my view, that advertising appeals to the baser human motives—greed, the idea of getting something for nothing. From the very first time I saw those advertisements until the present I have felt that if you want to see real obscenity you have only to look at and listen to those advertisements. They are obscene, and whoever is responsible should be shamed into taking them off the air.

**Senator Riley:** I should like to ask the honourable senator a question. Does he believe in liquor advertising?

**Senator Rowe:** I do not think the question is relevant, although that thought was in my mind just now. I have very strong views about the whole question of tobacco, from start to finish, and I have certain views about alcohol. I have used tobacco, and I still use alcohol.

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

**Senator Rowe:** I think we should keep in mind the lessons that we learned, or should have learned, from the experiment with prohibition. As I say, this is not the time to go into the philosophical and moral arguments on gambling, or, for that matter, any of the other things to which human nature may be prone. If I had to answer that question directly I would say that we have to try to live with liquor, one way or the other, but recognizing the fantastic amount of social harm it does I think we should ban liquor advertising, just as I think we should ban tobacco advertising. However, I do not think the question is relevant.

**Senator Williams:** Honourable senators, at times I find it very difficult to understand this society, and perhaps I never will. Gambling is as old as man, or as old as humanity. Among my people a gambler was always a bachelor; he never could qualify to get a mate because his future was so insecure. However, that is not the real point this evening.

Maybe I have spent a small fortune on the Irish Sweepstake, hoping some day I might win. I believe that hope is in every person—to win against the great odds that there are in buying a ticket. Today Canada is the greatest sweepstake country in the world, and the Canadian people are enjoying it.

I am sure that at some time in the future we will have off-track betting. I am not criticizing those who say it is wrong, and I am not criticizing any committee that does not want to deal with it. However, it is human nature. Gambling against the odds possibly enables you to enjoy life better.

[*Translation*]

**Senator Asselin:** Honourable senators, I am a little surprised to see senators raise what I would consider minor objections to the motion now before us. Here we have a Crown minister, the

Minister of Agriculture, asking us to look into what I think is an important question. Off-track betting which is going on illegally across Canada needs to be legalized urgently because it is known that many Canadians spend money left and right with bookies who have no conscience because they are not subject to legislation regulating their operations.

So we are being asked to investigate off-track betting. We are told that this does not come under the Committee on Legal and Constitutional Affairs. I understood Senator Riley to say that it had to be referred to the Committee on Agriculture. Well, when you are talking about off-track betting, you are not talking about horse breeding. It is only a matter of deciding from a constitutional and legal point of view under the Criminal Code if the Criminal Code should be amended to allow off-track betting, whether it should be legalized. That is the question.

That is why this has to be considered by the committee dealing with legal and constitutional affairs because the discussion is going to be whether or not the Criminal Code should be amended. It will not be a matter of allowing horse breeding, or whether breeders should get a premium—that is within the field of agriculture. But the members of the Committee on Legal and Constitutional Affairs will have to decide whether or not it is in the interest of the people of Canada to legalize off-track betting.

Some senators called on Senator Goldenberg to remain as chairman of that committee as from a moral point of view and in his conscience, he was opposed to that kind of betting or off-track betting or any form of gambling. I say to the senator that if it was really a matter of conscience in his case, he did not have to accept the chairmanship of that subcommittee, and that every committee, as all senators know, can form a subcommittee to carry out investigations. The chairman of that committee does not have to be chairman of a subcommittee. That does not mean either that those who would be sitting on the subcommittee will really be in favour of the investigation which we are being asked to do.

There will be on that committee people who will also be reluctant from a moral point of view and in their conscience to make that investigation but if they are asked to do so, they will.

Well, I believe the attitude of Senator Goldenberg is outspoken. It is loyal. It is honest. He does not say he could not make a judgment. He says he would prefer to have others investigate that matter. So I think there is no problem. I agree, and I will be voting in favour of the motion.

[*English*]

**Senator Riley:** May I direct a question to the honourable senator? Now that Senator Goldenberg has said morally he would feel a conflict of interest in dealing with this matter, what objection would he have to a special committee, with legal and agricultural people on it?

● (2110)

[*Translation*]

**Senator Asselin:** Special committees have often been set up by the Senate. There was, for instance, the committee on poverty which was of national significance and which discussed important issues. But we are dealing now with a very special question. A committee is called upon to carry out a study. In my opinion, this committee need not set up a special committee. All it has to do is appoint a number of its members to sit on this subcommittee and prepare a report to be submitted to the Senate.

[*English*]

**Senator Perrault:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate on this substantive motion.

**Senator Goldenberg:** If Senator Perrault will allow me one last word, I want to make it clear to Senator Riley that I am not abdicating as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

**Senator Riley:** Only on an *ad hoc* basis.

**Senator Goldenberg:** You have had your chance to speak, Senator Riley, and you will let me finish.

**Senator Riley:** No trouble.

**Senator Goldenberg:** The committee today began to hear witnesses on the subject matter of the referendum bill, which we are told is priority legislation. I am presiding over the meetings. The sessions will continue for some time. I am not abdicating.

I am doing what Senator Asselin explained so well. I am doing what the Rules of the Senate allow us to do.

Rule 77(4) says:

> A select committee may appoint from among its members such subcommittees as it may deem desirable which shall report back to the committee. The rules applicable in the committee shall apply *mutatis mutandis* in the subcommittee.

The subcommittee that is being set up will report back to the full committee, and unless the members of the committee want to remove me from the chairmanship, I assure Senator Riley that I will be presiding at the time when the subcommittee reports back.

On motion of Senator Sparrow, debate adjourned.

The Senate adjourned until Thursday, February 8, at 2 p.m.

# THE SENATE

**Thursday, February 8, 1979**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 47 of the Broadcasting Act, Chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1978, pursuant to section 22 of the Department of Regional Economic Expansion Act, Chapter R-4, R.S.C., 1970.

Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. R. Bratti and Associates Limited, Concord, Ontario, dated February 2, 1979.

2. Sanitary Refuse Collectors Inc., Montreal, Quebec, dated February 1, 1979.

3. Haul Away Disposal Services Ltd., Hamilton, Ontario, dated February 1, 1979.

4. M. Maurice Steinberg, Montreal, Quebec, dated February 2, 1979.

## BANKING, TRADE AND COMMERCE

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, 14th February 1979, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

**Senator Flynn:** Does that mean that the Senate will be sitting next Wednesday?

**Senator Langlois:** Yes, indeed.

**Senator Flynn:** Do you think we will have something to do on Wednesday?

**Senator Langlois:** We will have enough.

**Senator Flynn:** Of course, there will be Senator McDonald's speech. I wouldn't want too many people to miss that highlight in the Senate's program.

**Senator McDonald:** Especially you.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 13, 1979, at 8 o'clock in the evening.

Honourable senators, when we return next Tuesday evening, Senator Godfrey will move second reading of Bill S-11, relating to trademarks and unfair competition, and we shall continue with the other items on the order paper. At this stage I should inform honourable senators that there is a possibility that one or two new bills will be introduced in this place next week.

• (1410)

A number of meetings of committees are scheduled for next week. On Tuesday the Special Committee on Retirement Age Policies will meet at 2 p.m., and the Legal and Constitutional Affairs Committee will meet at 2.30 p.m. to consider the subject matter of Bill C-9, respecting Public Referendums in Canada on Questions relating to the Constitution of Canada.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. on the subject matter of Bill C-15, the Banks and Banking Law Revision Act. That committee will also meet at 2.30 p.m. to consider the subject matter of Bill C-37, the income tax amendment bill.

On Thursday the Special Committee on Retirement Age Policies will meet at 9 a.m., and the Banking, Trade and Commerce Committee has scheduled a meeting for 9.30 a.m. on the subject matter of Bill C-15. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 o'clock, and I understand that the Special Committee on the Northern Pipeline and the Special Committee on the Constitution will meet next week. However, the times and dates for those meetings have not been determined as yet.

**Senator Roblin:** May I ask the honourable senator the name of the two pieces of legislation he expects to be before the Senate next week?

**Senator Langlois:** It has not been the practice to identify a bill before its introduction in the Senate, and for that reason I regret that I cannot comply with my honourable friend's request.

**Senator Roblin:** Then that is a supererogation, I submit.

Motion agreed to.

## FOREIGN AFFAIRS

### EAST COAST FISHERIES—CANADA-FRANCE AGREEMENT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on February 1 Senator Marshall asked a question with respect to Canada-France boundary negotiations in respect of St. Pierre and Miquelon.

I can report that Canadian and French officials have held three rounds of negotiations since July 1978 to discuss a maritime boundary delimitation in the area of St. Pierre and Miquelon. The negotiations follow upon decisions of the Canadian and French governments to extend their respective jurisdictions to 200 miles and aim at a mutually acceptable solution. The latest round of negotiations occurred in Ottawa on January 8 and 9, 1979. The negotiations have taken place in a friendly atmosphere and will be continued in Paris at a date to be fixed at a later time. In the meantime, the two governments have agreed on interim fisheries arrangements for 1979 for the area off St. Pierre and Miquelon.

**Senator Flynn:** What are these interim arrangements? I suppose they divide it between Newfoundland and St. Pierre?

**Senator Perrault:** That detailed information can be made available and included in the proceedings. The maps, of course, and geographical descriptions are very complicated, but if the Leader of the Opposition desires that information we will see that he gets it.

**Senator Flynn:** I understand that there are not 400 miles between St. Pierre, Miquelon and Newfoundland. I suppose both countries will have to give up a certain area.

**Senator Perrault:** As in the case of negotiations, an agreement does not totally satisfy either side. Further information will be provided to the Leader of the Opposition.

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

### PATRIATION OF THE CONSTITUTION—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government whether or not the federal government has made up its mind as to what to do in response to the suggestions by at least one province, and perhaps more, that Parliament should go ahead and patriate the Constitution without amendment.

**Senator Perrault:** Honourable senators, the suggestions advanced by the premiers at the recent constructive constitutional meetings of first ministers are being studied by the government, but no final determination has been made with respect to any action which will be taken unilaterally, or otherwise, by the federal government.



### NATURAL RESOURCES REVENUE—QUESTION

**Senator Olson:** I have a supplementary question for the leader. What was the federal government's stand in the constitutional meetings respecting natural resources revenue, and what, indeed, was offered to the provinces and what was expected in exchange for natural resources revenue and management of them?

**Senator Perrault:** Honourable senators, assuming it can be made available in time next week, I shall be pleased to present in the Senate a résumé concerning the Conference of First Ministers. That résumé will cover the points raised by Senator Olson. It is an important area of federal-provincial relations and one on which I do not wish to make random comments.

### EQUALIZATION FORMULA—QUESTION

**Senator Roblin:** Honourable senators, I would ask the Leader of the Government to provide the same kind of information with respect to the subject of equalization. That is a subject which came up at the conference with a view to entrenching it in the Constitution. Perhaps the leader could inform us as to whether a specific equalization formula was mentioned or whether it was simply a statement of the principle.

**Senator Perrault:** I should be glad to do so.

### JURISDICTION OVER FAMILY LAW—QUESTION

**Senator Forsey:** Honourable senators, I might ask the Leader of the Government whether, in view of the reported agreement on transferring jurisdiction over family law—which, I presume, means at least over marriage and divorce—from the Parliament of Canada to the legislatures of the provinces, the government is contemplating placing before both houses an Address asking for the necessary amendment to the British North America Act.

**Senator Perrault:** Honourable senators, a response to that question will be included in the general statement that I intend to make on the Conference of First Ministers. As I said earlier, I hope to be able to make that statement to the Senate next week.

## SOCIAL INSURANCE NUMBER

### USE ON MAIL TO ARMED FORCES PERSONNEL OVERSEAS

**Senator Rowe:** Honourable senators, I understand that the Leader of the Government was ready to answer my question respecting the use of social insurance numbers last week but decided not to do so because of my absence from the chamber. I am wondering if he has that answer at hand.

**Senator Perrault:** Honourable senators, the question was answered subsequently. The answer can be found at page 494 of the *Debates of the Senate* for Thursday, February 1.

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Report of the Standing Senate Committee on Transport and Communications on the Bill S-6, intituled: "An Act to exempt certain shipping conference practices from the provisions of the Combines Investigation Act".—(*Honourable Senator Smith (Colchester)*).

**Senator Langlois,** on behalf of Senator Smith (Colchester), moved the adoption of the report.

He said: Honourable senators, the Transport and Communications Committee held some nine meetings on Bill S-6, during which some 20 witnesses were heard and many important briefs considered. As a result of those deliberations, the committee, in its report, proposes seven amendments to the bill.

To place those amendments in proper perspective, I should like to summarize, as briefly as possible, the objectives of Bill S-6. Its main purpose is to exempt from the provisions of the Combines Investigation Act agreements and contracts between shippers and conference lines.

Perhaps at this point I should draw the attention of honourable senators to some of the definitions contained in clause 2 of the bill. For purposes of this legislation, the word "commission" means the Canadian Transport Commission. The Canadian Transport Commission will be the governmental agency responsible for the application of the legislation.

● (1420)

The words "ocean carrier" mean an owner, lessee or charterer of a vessel who is engaged in the business of the transportation of goods by water. The expression "patronage contract" means a contract between a shipper of goods and members of a shipping conference whereby in return for certain advantages the shipper agrees to offer to members of the conference for transportation by them all goods, all goods of certain classes or a fixed proportion of all goods or of all goods of certain classes shipped by water by that shipper to places served by members of that conference. A "shipping conference" is defined as an association of ocean carriers that has the purpose or effect of regulating rates, charges and conditions for the transportation by those carriers of goods by water. The word "tariff" means a tariff of rates and charges established by a shipping conference for the transportation of goods by vessel alone or by vessel and by any other means of transportation, and includes any rules or regulations that determine the calculation of such rates or charges or prescribe terms or conditions for the transportation of goods by vessel.

As I have already said, the administration of this act will come under the Canadian Transport Commission.

Clause 4 provides for the investigation, under section 23 of the National Transportation Act, of certain contracts, agreements or arrangements between shippers and conference lines and of any practice put into effect by any member of such conference line.

Clause 5 deals with the non-application of the Combines Investigation Act to such conference lines' contracts or arrangements with shippers. I would dispense with enumerating the various contracts, arrangements or agreements which are so dispensed from the application of the Combines Investigation Act and to what degree these exceptions apply in regard to such arrangements or agreements.

Clause 6 provides for limitations to this exemption from the provisions of the Combines Investigation Act, and I will mention a few of these limitations. Clause 6 provides:

> Section 5 does not apply to any contract, agreement or arrangement described in that section if all or any of the ocean carriers that are parties to such contract, agreement or arrangement conspire, agree or arrange
>
> (a) to use a vessel for the purpose of preventing or lessening, unduly, competition in the transportation of goods by an ocean carrier that is not a party to such contract, agreement or arrangement;
>
> (b) to refuse to transport goods for a shipper because that shipper has used a vessel of an ocean carrier that is not a party to such contract, agreement or arrangement for the transportation of goods; or
>
> (c) to prevent or limit the use by an ocean carrier in Canada or elsewhere of port or other facilities or services relating to the transportation of goods because that carrier is not a party to such contract, agreement or arrangement.

In a few words, these limitations are there to prevent any arrangements or agreements limiting competition. Then the exemption from the Combines Investigation Act provided under the preceding clause 5 would not apply.

Clause 7 deals with the filing of documents with the Canadian Transport Commission. These documents are listed in the bill, and it is a very long list. It deals with every contract or agreement that is mentioned under clause 5, and notice of change in the membership of conferences. It also covers copies of tariffs established between conferences and shippers; copies of standard form of patronage contracts, which I defined a moment ago; and finally copies of any revisions or alterations of such agreements or contracts between shippers and carriers.

Clause 8 then provides for the time for filing of documents. The original wording of subclause 8(a) provided for the documents referred to in clause 7 to be filed with the commission "not later than 60 days after the coming into force of this Act or the day on which the contract, agreement, arrangement, tariff or standard form of patronage contract becomes effective, whichever is the later." Under subclause 8(c) the committee brought in an amendment striking out lines 8 to 11 and substituting the following therefor:

> (c) paragraph 7(1)(*e*) shall be filed with the Commission not later than thirty days after the day on which the revision or alteration comes into effect, but a written notification of such revision or alteration shall be given to the Commission not later than the day on which it comes into effect.

In other words, there is a change from 60 to 30 days and the notification of revisions or alterations of tariffs or agreements must be filed on the day they come into force. This amendment was found necessary because clause 9 provides that any documentation filed with the commission must be certified as being a true copy of the original. Effectively, that prevents sending a notification by telex on the day the revisions or alterations are made, and, therefore, this amendment is necessary to permit the notification to be made by telex or other similar electronic device on the same day as the revision or alteration comes into effect.

Clause 10 deals with the inspection of documents filed with the commission. Amendment No. 2 strikes out line 18 and substitutes the following:

> filed pursuant to section 7 and every notification given to the Commission pursuant to paragraph 8(c) shall on applica-

There is also an amendment to the French version of this clause. Lines 22 and 23 are struck out and the following subsituted therefor:

> l'article 7.

This is simply a question of drafting and it involves no change whatever in the meaning of the original clause.

Clause 11 provides for the destruction of documents filed with the commission. After a period of five years the commission is allowed to destroy any documents that are no longer in effect.

With respect to the investigation of shipping conferences, clause 12 provides for an inquiry and report by the director. It gives to the Director of the Combines Investigation and Research Branch the authority, acting on his own initiative or on direction from the Minister of Consumer and Corporate Affairs or at the request of the Restrictive Trade Practices Commission, to investigate any dealings or operations of shipping conferences. That is quite a broad power, but it is necessary in the circumstances.

Clause 13 reads as follows:

> Members of a conference shall maintain an office or agency in that region of Canada where they operate and shall make available to the public during regular business hours for inspection, or for purchase at a reasonable price, copies of all documents in force that they have filed with the Commission pursuant to section 7.

This clause refers to documents filed with the Canadian Transport Commission.

● (1430)

There is an amendment proposed to clause 13, which is that line 24 be deleted and replaced by the following:

> sion pursuant to section 7 and of all notifications in force that they have given to the Commission pursuant to paragraph 8(c).

Again we include here notification of revisions or alterations to the tariffs or arrangements between shippers and conference lines.

[Senator Langlois.]

I come now to clause 14, dealing with the publication of tariffs, which provides that:

> Every member of a conference shall make available to the public, at all its principal offices or agencies in Canada during regular business hours, for inspection copies of all its current tariffs—

And other documentation relating to such agreements referred to above. There is an amendment to this clause, striking out line 30 and substituting the following:

> mission pursuant to section 7 and of any notification of an alteration or revision of such tariffs given to the Commission pursuant to paragraph 8(c).

Here again we include among the documents filed with the commission revisions or alterations of tariffs or agreements.

Under clause 15, members of a shipping conference shall, in certain circumstances, meet with a shipper group and shall provide to the shipper group information sufficient for the satisfactory conduct of the meeting.

Clause 16 deals with the power of the Governor in Council to make regulations for:

> —the production by members of a shipping conference, at such time or times and in such form and manner as are specified in the regulations, of such information of a type specified in the regulations.

This is for the information of the Commission. There is an amendment proposed to subclause (2) in the French text, which is merely a matter of improving the wording. The amendment is that lines 19 to 27 of the French text be struck out and replaced by the following:

> Les renseignements, de nature confidentielle, qu'un membre d'une conférence produit, conformément aux règlements établis en vertu du paragraphe (1), sur ses opérations commerciales ne doivent pas être rendus publics d'une façon qui permettrait leur accès aux concurrents des personnes concernées par ces renseignements.

The purpose of this is to keep confidential such information on arrangements, agreements or tariffs between conference lines and a particular group of shippers which could be useful to competitors of the shipping conferences concerned.

Clause 18 provides for offence and punishment. To this clause there is an amendment proposed to the French text, which is to strike out line 34 and substitute the following:

> amende maximale de cinq cents dollars pour chaque.

The only change there is the insertion of "maximale".

That concludes the seven amendments proposed to this bill. Before resuming my seat, I should like to draw the attention of honourable senators to the fact that this bill is to come into force on April 1, 1979, and to have a maximum duration of five years.

**Senator Roblin:** Honourable senators, although this is not the committee stage of the bill, I wonder if I might ask a question of Senator Langlois with respect to clauses 13 and 14, which have to do with the filing of documents. Clause 13 indicates that all documents are to be filed in an office or

agency in the region where the company operates, and clause 14 refers to filing the tariff in all its offices.

I wonder why it is found necessary to restrict the filing of all documents to one office and not to treat tariffs in the same way, or vice versa. The two clauses seem to deal with the same subject in different ways. Perhaps there is a good reason for that.

**Senator Langlois:** There is a very slight difference in the wording of the two clauses. Clause 13 deals with maintaining an office or agency in regions where conferences operate and provides that they:

> —shall make available to the public during regular business hours for inspection, or for purchase at a reasonable price, copies of all documents in force that they have filed with the Commission pursuant to section 7—

While clause 14 provides that:

> Every member of a conference shall make available to the public, at all its principal offices or agencies in Canada during regular business hours, for inspection copies of all its current tariffs filed with the Commission—

Also, the word "purchase" appears in one clause but not in the other. There is surely some difference between the two clauses.

**Senator Roblin:** I do not follow my honourable friend, because both clauses refer to the words "make available to the public." There is no distinction between the public and other people in the shipping conference. In both clauses it simply says "the public." So that explanation does not convince me.

**Senator Langlois:** Also the word "purchase" appears in one clause but not in the other. There is surely some difference between the two clauses.

Motion agreed to and report adopted.

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

**Senator Lewis** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

## OFF-TRACK BETTING

### MOTION TO AUTHORIZE STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—MOTION IN AMENDMENT—DEBATE ADJOURNED

The Senate resumed from Tuesday, February 6, the debate on the motion of Senator Perrault:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, and, in particular,
>
> (a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from parimutuel betting;
>
> (b) the concept, structure and effectiveness of a so-called "home marketing area" for each track, with particular reference to equitability and enforceability;
>
> (c) the legislative and regulatory framework in which such a system would be best implemented; and
>
> (d) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and
>
> That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

**Senator Sparrow:** Honourable senators, it is not my intention today to discuss the merits, for or against, of off-track betting. My purpose is to discuss whether such a study by the Senate is indeed justified at this time, and, in the light of certain things which I believe to be facts, my opinion is that a study is not justified.

In recent years every possible representation on off-track betting, both pro and con, has been made to the Government of Canada through former Ministers of Agriculture, including the late Senator Greene, and Senator Hays and Senator Olson. Each, in his own time, looked at this question of off-track betting—

**Senator Flynn:** And did a stable job.

**Senator Sparrow:** —and reached the decision that no action should be taken.

• (1440)

There was, as mentioned by the Leader of the Government in his speech on Tuesday last, an effort made in 1972 to legalize off-track betting. Senator Olson, who was the minister at that time, introduced a bill, but it never saw the light of day as legislation.

The difference between then and now is that the ministers in those days were prepared to make the decision as to whether they would recommend to the government that there be legalized gambling in this country. The minister today, with the same information and some up-dated information, assured the racing people that he would make a decision on this issue by January of this year. He has, for whatever reasons, not followed through with that promise. Instead he has taken the delaying step of asking the Senate to investigate the matter.

The government leader stated on Tuesday, February 6:

> I think it is to the credit of the Senate that the Minister of Agriculture—who at times in the past has made certain uncomplimentary remarks about the Senate, but who now obviously recognizes its value—

I really wonder what "value" he sees in the Senate at this late date.

From previous experience with the time these studies require, we all know it is impossible for such a study to be completed between now and the next election. If and when there is another election, there might well be a different Minister of Agriculture—

**Senator Flynn:** If?

**Senator Sparrow:** —and he may want to make his own decision at that time. I believe there is much doubt as to the

value of a study at this time. If there is doubt in our minds then before this motion is voted on the minister should be asked to appear before the Senate, in this chamber, to present the reasons why he believes it is important at this time that the Senate make this study. I say that because once the committee is authorized to make the study we will have committed ourselves to the costs—the costs of personnel and other costs—all of which will be lost when this Parliament is dissolved for an election.

Therefore, honourable senators, in amendment, I move, seconded by the Honourable Senator Cook:

> That the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in Committee of the Whole, to explain to all senators
>
> (a) the need for a study on off-track betting,
>
> (b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and
>
> (c) the urgency at this time for such a study.

**The Hon. the Speaker:** It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, and, in particular,
>
> (a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from pari-mutuel betting;
>
> (b) the concept, structure and effectiveness of a so-called "home marketing area" for each track, with particular reference to equitability and enforceability;
>
> (c) the legislative and regulatory framework in which such a system would be best implemented; and
>
> (d) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and
>
> That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

In amendment, it is moved by the Honourable Senator Sparrow, seconded by the Honourable Senator Cook:

> That the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in Committee of the Whole, to explain to all senators
>
> (a) the need for a study on off-track betting,
>
> (b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and
>
> (c) the urgency at this time for such a study.

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

**Senator Perrault:** Honourable senators, in speaking to this interesting amendment advanced by Senator Sparrow let me provide some very brief background to the proposal to have the Senate study the subject of off-track betting.

First of all, there is a substantial division of public opinion on the subject. Some provinces are for legalizing off-track betting; other provinces are substantially against it. Even communities are divided on this particular issue.

No one suggests that the question is a life-or-death issue. No one is suggesting this is one of the great fundamental issues facing Canadians at this time.

**Senator Roblin:** That's why we get it.

**Senator Perrault:** But the issue is one which should be resolved after these many years. It has been suggested that successive Ministers of Agriculture have endeavoured to bring forward legislation to clarify the situation and to legalize off-track betting. It is precisely because of these great divisions in the country that this proposed legislation has never been enacted into law. That is precisely the reason why the Senate, because of its expertise and resources, has been asked to study the question, to present once and for all to the government—

**Senator Flynn:** Once and for all?

**Senator Perrault:** —a suggested course of action and direction.

Any committee activity undertaken by the Senate is not lost nor wasted, in any circumstances, regardless of what may happen. Whether an election is called or not, the Senate is always in a position to re-establish its committees whatever government may come to power. I say this despite the fact that, as a supporter of the government, I believe the present rather stable political position will remain for some time to come.

**Senator Flynn:** As bad as it is.

**Senator Perrault:** But whatever the future brings, there would be no wasted effort on the part of any Senate committee on this particular subject. It is not as though the Senate will vanish overnight and somehow there will be a new group of senators back in the fall. There is a continuity here.

**Senator Flynn:** But, I fear, the "fall" will come eventually.

**Senator Perrault:** It would be quite possible for the committee to extend an invitation to the Minister of Agriculture to appear before it during its deliberations to suggest some of the concerns he holds on this particular subject. I would expect the committee or the subcommittee studying this problem would wish to do that.

When the Minister of Agriculture made his announcement on January 23, he said, in part:

● (1450)

> I have discussed referring to a Senate committee the subject of legalization of off-track betting on horse races in Canada. The Leader of the Government in the Senate has indicated that he is prepared to have a resolution introduced in the Senate calling for a study of off-track betting.

This course has been followed. Mr. Whelan added:

> The legalization of off-track betting poses serious questions for the general public as well as the Canadian horse racing industry.

Of course it does. That is why there is such a great difference of opinion. Certain provinces do not agree with certain other provinces on the subject, and there are conflicting views within the regions themselves.

The other day, the minister confirmed that conflicting views exist within the horse racing industry on the question of off-track betting. He said:

> At this time I cannot introduce off-track betting legislation. The issue requires further study. All concerns should be thoroughly aired at a public forum, and a Senate committee could provide an opportunity to do this.

This is the kind of invitation to assist a public policy development that I think most senators would welcome—that is, the opportunity to provide some sensible direction on a matter which has troubled many governments and individuals across the country.

Terms of reference for this proposed committee have not been hastily or facetiously drawn. If honourable senators will review the terms of reference they will see that they are very complete. I hardly think that any facet of the problem has been omitted. Madam Speaker read the terms of reference a few moments ago, but here are some of them:

> (a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from parimutuel betting;

That is a matter of some importance, I would think, to provincial governments, as well as the federal government.

> (b) the concept, structure and effectiveness of a so-called "home marketing area", for each track, with particular reference to equitability and enforceability;

This is an invitation to the committee, if its members are prepared ultimately to suggest that off-track betting be legalized, to state how they think it can be introduced while assuring equitability and freedom from illegality.

> (c) the legislative and regulatory framework in which such a system would be best implemented;

That is, the effect of such a system on society. Some honourable senators have stated that they consider there is too much gambling in the country now, and they are very concerned about the proliferation of lottery and gambling schemes. The Senate will have the opportunity to call upon Canadians concerned with this aspect of the problem to appear at meetings of that committee, with the press present, and before all honourable senators if they desire to attend.

Two or three days ago Senator Riley said that he thought there was a danger of opponents of the legalization of off-track betting being intimidated by a committee. I hardly fear that that is a real danger. For many years I think that interests on both sides in this question have demonstrated a great aptitude for setting forth their views. They have demonstrated no lack of willingness to speak out and to provide testimony. There has never been a reluctance on their part to come forward.

What has been lacking, surely, however, is this: there has never been a public forum where both sides and all interests have had an opportunity to meet in the presence of the media and before members of Parliament to set forth their views and their opinions. A Senate committee hearing would mark the first time that an opportunity has been accorded to committee members, as well as to other senators who may not be members of the committee, to listen to and cross-examine witnesses. That is the basic difference between what has transpired in the past 10 to 15 years and what is proposed in this particular resolution.

I believe that there is no question at all but that the Senate committee could serve a very useful public service by undertaking this assignment. Generally, the proposal has been warmly welcomed from coast to coast in this country at a time when the Senate is attracting more favourable attention than at any time in recent years. Many of its studies, such as those of foreign affairs, national finance, banking, agriculture, legal and constitutional affairs, retirement age policies, and childhood experiences as causes of criminal behaviour, have attracted, deservedly, a good deal of public respect and acclaim. The Senate is attracting very favourable attention these days.

**Senator Grosart:** We will send ourselves some roses.

**Senator Perrault:** Well, honourable senators, it may perhaps be a good idea to send the Senate some roses from time to time. Perhaps one of our main problems is that some honourable senators themselves are too willing to underestimate the accomplishments and capabilities of this chamber. I want to tell you that at the recent constitutional conference it was very interesting to hear the favourable comments directed to the Senate by several of the representatives.

**Senator Grosart:** It is St. Valentine's Day next week.

**Senator Perrault:** Well, senator, I hope you will send out your usual complement of cards.

I will not pursue this further, honourable senators, but this is, I repeat, an opportunity for the Senate to demonstrate its research capacity and its fair-minded attitude towards questions of public interest.

I do not think any real value would be served in calling before us, in Committee of the Whole, the Minister of Agriculture to ask for an explanation of why he wants the subject studied by the Senate. It seems to me that the reasons are already apparent and well publicized. If honourable senators would like to hear from the Minister of Agriculture, however,

may I suggest the possibility that the members of the committee will call him to testify.

**Senator Grosart:** I wonder if the Leader of the Government is aware of the fact that it would not be necessary for the Senate to be in Committee of the Whole to carry out the suggestion of Senator Sparrow. I am not necessarily supporting that suggestion, but I am sure he is aware that we would not have to go into Committee of the Whole to hear the minister.

**Senator Olson:** Honourable senators, I know that this matter of off-track betting has been a controversial subject for a long time, and, as Senator Sparrow pointed out, I, as Minister of Agriculture for nearly five years, was in the centre of that controversy, in that I was urged to make a decision on it.

It was not very difficult to add up the arguments on one side and the other as they applied to what is normally considered to be a function of the Department of Agriculture, but there are more far-reaching implications for society involved in off-track betting, or, if you want to use the more common expression, bookmaking, than simply that.

I suggest there are two areas, at least, in terms of reference (c) and (d) that have not been studied properly. Indeed, I know of no forum that has been suggested to date where this study could take place. As a matter of fact, my experience with this subject is that, as between those on one side of the argument and those on the other side, the lines were drawn pretty strictly along which system was going to get the revenue. The local agricultural societies, for example, have an interest in this, because in some cases much of the revenue they use to organize and continue their agricultural shows comes from their share of the money generated by betting. They are wondering whether they could attract the same crowds, and whether they would be able to obtain the revenue they are getting now, if all bets did not have to be made on site.

On the other side, of course, the horse breeder associations believe they might be able to increase their revenue from the gambling industry, if I can call it that, simply because it is assumed that there would be a far greater amount of money wagered if it could go through the off-track route. I do not dispute that at all. We should realize that the legislative and regulatory framework in which such a system would be best implemented has not been studied—at least, not to my knowledge.

• (1500)

I know—and perhaps I should not say this, but I will, in any event—that I did not particularly like the idea of the Department of Agriculture having to carry out the functions of a police force, but there were reasons for that. As far as the regulation of pari-mutuel betting is concerned, there were aspects that needed to be policed on the site, but, as I said, that did not seem to be a proper function for the Department of Agriculture. In my opinion, that function should have been carried out by the Solicitor General's Department, the ministry in charge of the RCMP in this country. As a matter of fact, we did not even try to hire police officers. The Department of Agriculture paid the cost of the RCMP officers involved in regulating this industry, and recovered that cost by taking a portion of the money wagered. As I recall, the department took one-half of one per cent of the total, and most of that was transferred to the Solicitor General's Department in payment for the services rendered by the RCMP.

Paragraph (d) of the proposed terms of reference of the committee reads:

> the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting;

That is a matter on which there have been a number of opinions expressed. A subcommittee of the Legal and Constitutional Affairs Committee would apply some judgment after it has heard not only from the two sides involved now, but from other people who may wish to express views on this subject, and who, up to this time, have not had that opportunity. I am sure there have been opinions expressed by people in different sectors of society, but not in a formal manner.

I think we have to take into account one other thing. If this committee is simply going to hear evidence and come to some kind of decision on what would be the best manner of distributing the revenue, that is one thing, but the committee would engage in a different type of investigation if it tries to establish the principles involved.

Whether we are going to have off-track betting—or legalized bookmaking, because that is what it really is—for horse racing only is another point to consider. It could be asked why off-track betting could not cover other kinds of sports, such as football games and hockey games. I can see no difference at all if you are simply talking about the betting and bookmaking aspect of it. If you bring in the other aspect of it—that is, the view that the revenue would promote better quality horse breeding, or financially support local agricultural fairs where some of the races would take place—that is a different situation. I hope that this committee investigates the whole subject and takes account particularly of paragraphs (c) and (d). The Minister of Agriculture can provide the committee with arguments that were advanced in years gone by. I am sure those files are available. However, I am afraid that they are confined to the two sides of the question, and come from those who have a vested interest in the revenue generated by pari-mutuel betting.

**Senator Asselin:** Stay with the merit of the motion.

**Senator Olson:** I am sure the Minister of Agriculture is willing to appear before the committee as the first witness, or one of the first witnesses, and lay before the committee all the evidence that has been accumulating in his office.

**Senator Robichaud:** Honourable senators, I have listened with deep interest to the arguments of Senator Sparrow, Senator Perrault and Senator Olson, a former Minister of Agriculture. With all due respect to Senator Sparrow, I think the effect of his amendment would be to scuttle the efforts that are currently being contemplated by the Legal and Constitu-

tional Affairs Committee. I cannot see, for the life of me, what the Minister of Agriculture could produce in respect of the arguments, pro or con, concerning the terms of reference in the motion before us. I cannot see what contribution he could make, but I can clearly see what can be done by a subcommittee of a standing Senate committee.

The Senate has gained the reputation over the past several years of making not only thorough studies of legislation, but detailed studies of many problems that this country and other countries face. It seems to me that we can perform an extremely beneficial function for Canada and we should not be deprived, by way of amendment, of that privilege, prerogative or, indeed, obligation.

I must disagree with Senator Olson on one minor point. Of course, other sports such as football, hockey, baseball, and so on will be considered. Perhaps that is a good idea, but the point is that we have not been asked to do that by anyone. We have been asked by the Minister of Agriculture to study specifically the economic aspects and social aspects of off-track betting.

I should like to give an illustration of the interest this has created in the country. During lunch today I received a call from a radio reporter in Regina, Saskatchewan. As you know, I am from New Brunswick, so I was surprised to receive a call from a radio reporter in Regina. This illustrates the deep interest there is in this matter. The reporter wanted to know my views on this subject and I told him, of course, that it would be premature for me to give him my views because we are only considering setting up a committee to study it. I told him that if I gave him my views now it would be something like a judge giving his verdict before hearing the evidence.

I would like to hear those interruptions, if I may.

**Senator Flynn:** I said that the comparison you made to a judge considering his judgment might be going a little far.

**Senator Robichaud:** I told him that we will submit a report, and it would be premature if I were to give him my views before we have heard any evidence. I think any lawyer would agree that that sounds logical.

**Senator Steuart:** Don't give a judgment.

• (1510)

**Senator Robichaud:** As much as I would like to sympathize with the views expressed by Senator Sparrow, I cannot possibly support his motion in amendment. I feel strongly that, once more, the Senate is being given an opportunity to serve the people of Canada. We should not miss this opportunity. This study can be carried out whether or not there is an election. The committee can sit in all parts of Canada and even in the United States, so as to benefit from the experience of our American friends, and perhaps elsewhere. It has to be a full study. If the committee carries out its terms of reference, the Senate will once again render a great service to the people of Canada.

**Senator Langlois:** Honourable senators, I do not rise at this time to oppose the motion in amendment but to bring to the attention of the Chair a question which has arisen in my mind with respect to it.

The motion in amendment requests that the Minister of Agriculture be invited to appear before a Committee of the Whole of the Senate to state his reasons for wanting this matter referred to a Senate committee for study.

I should like to draw the attention of the Chair to rule 18, which is as folllows:

> When a bill or other matter relating to any subject administered by a department of the Government of Canada is being considered by the Senate or in Committee of the Whole, a minister, not being a member of the Senate, may on invitation from the Senate enter the Senate chamber and, subject to the rules, orders, usages, forms and proceedings of the Senate, may take part in the debate.

This is not a matter which comes under any department of government. The main motion simply requests that the subject of off-track betting be studied by the Legal and Constitutional Affairs Committee of the Senate. Off-track betting is illegal in Canada under the Criminal Code. It is not something that comes under a specific department, and for that reason I do not see how the motion in amendment can be entertained at this time.

I am not asking for an immediate ruling on this point. I merely draw the matter to the attention of the Chair for later ruling.

**Senator Asselin:** Are you saying that the motion in amendment is out of order?

**Senator Langlois:** It may be out of order. I wish to be enlightened by the Chair with respect to the matter I have just raised. A ruling by the Chair at a later date on this matter would be of benefit to all honourable senators. I merely raise the matter for a ruling; I am not raising it at this point to oppose the motion in amendment that is before us.

**Senator Grosart:** Is the deputy leader really suggesting that the Criminal Code, which covers this whole subject matter, is not something that is administered by a department of the Government of Canada? Of course it is.

**Senator Flynn:** Honourable senators, in view of the point of order raised by Senator Langlois, and because I wish to read both the main motion and the motion in amendment again, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

## THE CONSTITUTION

### CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to the Honourable Senator Bell.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Ann Elizabeth Bell:** Honourable senators, I am delighted to be able to take part in this debate—a debate that has been so ably conducted from the time of the presentation of the First Report of the Special Senate Committee on the Constitution on October 19, 1978.

The committee held 36 sittings between the end of July and mid-October, a great many of which were held during the summer recess. The committee very modestly does not mention this, but certainly it was at great sacrifice to both the members and their families.

Why would the committee take on such an onerous job at that time of the year? The reason, of course, was the time constraints which surrounded Bill C-60. The government, when it introduced the bill on June 20, 1978, stated that the target date for enactment was July 1, 1979.

As we all know, relatively simple, straightforward bills can take quite some time to move through Parliament, not to mention such measures as the combines investigation legislation which has had many reincarnations. Even the four-page Petroleum Corporations Monitoring Bill was subjected to scrutiny over a longer period than that proposed for the Constitutional Amendment Bill. In most cases it takes many weeks and months, and, in some cases, years, before a bill finally passes this chamber. In a way, it is much like Parkinson's Law—the time expended discussing a problem increases in inverse ratio to its importance. So, a hearty vote of thanks to the committee.

Although it was subsequently learned that the bill would not be re-introduced in its original form, the committee's opinion that the proposals are "far-reaching and novel", and "deserve serious and unhurried study" before we are confronted with the reincarnation, makes sense. Because the Constitution—discussion of or changes to—is not a topic which keeps the average man on the street, whoever he is, awake at nights, this House of Parliament, this Senate, has the most solemn obligation to scrutinize any proposed change to the Constitution.

The report itself points out that the British North America Act has served Canadians well, has been enormously flexible, and that drastic changes should not be made in haste. Doubts regarding the legality of the proposed changes as they affect the monarchy and the Senate were raised in terms of whether such changes could be made by the federal Parliament alone. As a result of those doubts, a reference was made to the Supreme Court of Canada relating to the power of the federal Parliament to unilaterally change the Senate. Regardless of how the Supreme Court rules on that reference, little will be solved. As the committee pointed out—and very temperately—the provinces should give their agreement. The fundamental component of the Constitution, the monarchy, was not referred to the Supreme Court.

[Senator Flynn.]

The committee comments that although the government paper *A Time for Action* suggests that the language of the BNA Act is obscure and the style "plodding and uninspiring", Bill C-60 was little improvement. By way of example, how can one have confidence in a Constitution that starts with the words ". . . the people of Canada declare . . ." They have done no such thing, and that is a foreign way of commencing a Constitution. Then it continues:

> —the desire of its original component provinces to be united together—

The wording of the British North America Act is:

> It shall be lawful for the Queen, by and with the Advice of Her Majesty's Most Honourable Privy Council, to declare by Proclamation that—

And the various provinces are named.

> —shall form and be One Dominion under the Name of Canada—

Is that plodding and uninspiring? There is quite a difference, I think.

Proposals regarding the Charter of Rights and Freedoms, the monarchy, the second chamber, regional disparities and the Supreme Court were the subject of objective assessment by the committee, and I sincerely believe that the government is required to respond to the questions raised by the committee on those various subjects.

● (1520)

I will confine my observations to the proposed changes affecting the monarchy because the monarchy is our most misunderstood institution. Considering the spirit of confederation and unity, all systems of law, government and social order derive their authority from our constitutional monarchy.

This week at the federal-provincial constitutional conference, the premiers made it very clear that they want no change regarding the monarchy. While this is reassuring, we in this chamber have no cause for complacency. The question of the sovereign's powers has been raised and the Senate cannot respond by passive observation.

I am in agreement with respect to the recommendations and the conclusion of the committee that "constitutional conventions, customs and usages . . . would not be affected or rendered enforceable by the court" unless this was specifically provided. I feel this is very important. The committee describes the provisions in clause 51 dealing with the constitution of the cabinet as "obscure"; in my opinion this is a most temperate adjective.

At this point I should like to quote from the House of Commons *Hansard*:

> —we tend to meet any new situation by reorganizing, and a wonderful method it can be for creating the illusion of progress while producing confusion.

That is a quotation from a speech made by the Prime Minister, Pierre Elliott Trudeau, on February 27, 1969, when he was quoting Petronium Arbiter from 2,000 years ago. I do not want to do the Prime Minister an injustice by taking this

quotation out of context. As you will remember, in 1969 he was doing a lot of reorganizing. He wanted to indicate that this was not for the purpose of creating confusion. Nevertheless, this is quite an appropriate quotation in relation to Bill C-60.

Clause 53, and especially paragraph 53(2)(b) deals with a Prime Minister who has lost the confidence of the House of Commons and who advises the Crown or its representative as to whether he should be invited to form a new government. The committee points out, in no uncertain terms, that this is unacceptable.

The committee very neatly deals with clause 30 which refers to the Queen as the "sovereign head" instead of the "sovereign".

Clause 43 deals with the executive government. The view of the committee is that the executive government should be vested in the Queen, and the Queen should be retained as part of Parliament, and if that is so there is no need for subclause 48(2) which purports to preserve the powers of the sovereign while in Canada. One could add, while agreeing with the committee that subclause 48(2) is extraneous, that it is intolerably presumptuous.

I also agree with the committee that no reason is given for changing the name of the Privy Council.

The committee warns that any attempt to put conventions, customs and usages into a text of law should be approached with the utmost caution, and that warning should be heeded. As long as they are left uncodified, the political process, the House of Commons and the electorate can decide what a custom, usage or convention is. That concludes the points in the report with which I am in agreement.

Speaking directly to Bill C-60, I am in disagreement with subclause 45(1) which states that the Governor General should hold office for a definite term. I also disagree that the sovereign's powers of withholding assent and reserving bills should be removed—that is, section 55 of the BNA Act—that clause 47 which vests command-in-chief in the Governor General is unnecessary; and I am not convinced that there should be explicit provision for the cabinet—that is, making the cabinet a legal entity which is covered in clauses 51, 52, 53 and 54. My basis for disagreement with the committee stems from the terms, both stated and implied, in Bill C-60 that the executive—that is the Prime Minister and the cabinet—somehow hold the power which they exercise. Michael Valpy put it very well when he wrote in the Vancouver *Sun:*

> The Canadian constitutional monarchy is a purely Canadian institution. It has evolved in a strikingly different way from the constitutional monarchies of other Commonwealth states, it is indigenous—it is ours.

The Crown in Canada separates the possession of power from the wielding of power. The monarchy possesses the power without wielding it, and the government wields it without possessing it. Any constitutional change that puts power into the hands of the executive to keep, hold, retain, possess as well as manage, exercise and use, leads inevitably to tyranny.

I should like to give you my definition of "head of state". It is "one recognized as the personnal embodiment of the nation, impartial between various local groups, aloof from detail and controversy, counselling government and able to make effective intervention in the event of necessity." With the sovereign as head of state, effective intervention is possible in the event of necessity.

The Prime Minister is literally the Queen's first minister, and his cabinet is literally her Privy Council. Therefore, where is the need to recognize the cabinet in law? She trusts the judgment of the people who have elected him. She accepts his advice as long as Parliament has confidence in him. When Parliament, representing her people, no longer has confidence in him, she sets in motion the process which removes him—perhaps to be given the chance to try again; perhaps not. Any usurpation of power, in law, by the Crown's ministers would be a serious blow to our Parliament and to our democracy.

The Governor General, as the sovereign's representative to whom she delegates most of her duties, must be unquestionably answerable to her alone. She must be able to remove him, with or without her first minister's advice. That is why I disagree with subclause 45(1).

A particularly important safeguard is the power to withhold assent, or to reserve bills, which the committee seems to think obsolete. One has only to think of an unconstitutional bill passing a docile and supine Parliament to realize the importance of the royal prerogative of section 55 of the BNA Act.

For a similar reason, command-in-chief of the armed forces should be vested in the Queen. Obviously the Queen or her agent, the Governor General, is not going to ring up the Princess Pats and issue orders, but the safeguard is there, and until Parliament has sanctioned the committing of the armed forces, the Queen will not assent.

These royal prerogatives are our "constitutional fire extinguishers." They may never be needed, but it is surely the part of wisdom to see that they are there and in working order. The other royal prerogatives are regularly employed—the right to dissolve Parliament; the right to order a general election; and, much more infrequently, the right to dismiss a government. This latter is perhaps in the "fire extinguisher" category. I do not know how many senators play chess, but this rather reminds me of a game of chess where the king does not have very many moves, but if you remove him it is game over.

• (1530)

These are some of the problems that have been raised; objections that perhaps we should consider because they need answering. If the constitutional monarchy is our least understood institution, it is partly because we have a woefully misinformed public and totally uninformed students. A responsible and diligent press and seriously dedicated departments of education could help rectify this situation.

Some other questions are raised that I would like to put to you briefly. Does being born outside Canada make one any less Canadian? Would an elected head of state be more impartial?

The Queen represents the people in a deeper sense—the abiding continuity of the nation beyond the mutations and vicissitudes of parties. The Prime Minister speaks for the government, but the sovereign for the people.

Why should not the Governor General assume the royal prerogatives in his own right as was suggested in Bill C-60? From whence will be derived his power? From the government which appointed him? Would his only powers be those which the government allowed him? How long would he retain those powers if he felt compelled to use the royal prerogatives? Bill C-60 would require the Governor General to do the bidding of the council of state. I should like to see our Constitution used in a far less restrictive, unimaginative and reactionary way than that suggested by Bill C-60, which would try to cement Canada into this government's modus operandi.

There are quite a few examples of things that enrage many of the people in Canada, although they would never come before Parliament. For example, the removal of the Queen's portrait from the citizenship courts; no more 21-gun salutes on her birthday; no taking part in the Silver Jubilee celebrations on a national scale. There are various things that Parliament does not have an opportunity to know about, but when it came to removing the word "royal" from the name "Royal Canadian Mounted Police," that caused such a terrible uproar that the name was left untouched. Such attempts are small, mean, and unworthy of our country, but they are erosions that are taking place. I think the Scots have a good term for it: Many a mickle makes a muckle. In other words, things that are small in themselves eventually add up. Surely that is not what Parliament has signified for the people of this country.

I should like to see the Queen and the Governor General given a real opportunity to shine for Canada. Give the Queen a short list of suitable names from which to choose her representative in Canada. The Queen has the less obvious right to encourage, to be consulted, and to warn. Give her the opportunity. We are in an age of modern technology. I cannot see the problem there, because all kinds of new opportunities would open up if that right were taken advantage of.

As the fount of honour, the Queen and/or the Governor General should be given some latitude. They have no latitude now. The Governor General has the right to summon senators and fill vacancies without taking the Prime Minister's advice. In fact, he can even appoint the Speaker of the Senate. Why not encourage the Governor General to take a more active part in the sort of appointment-making he is entitled to do?

[Senator Bell.]

The two most distinctive features of Canada on this continent are the Queen and the French Canadian culture. The symbols are exemplified in the Canadian Coat of Arms. Let us use them with pride. As the monarchy is a unifying force for Canada because it is above and beyond partisan politics, so it is an external unifying force for the Commonwealth. Let us show some leadership and initiative in Commonwealth development. It has great potential. To make sure of this we could have a Commonwealth exchange, and some future governments might think it desirable to have an exchange of Governors General, or to have some other form of that type of development and not keep it simply on an economic and social level.

We really do not know what the future holds so let us not preclude what we want to do in the future by a restrictive, reactionary Constitution.

So long as a spirit of goodwill, trust and co-operation exists any system will work. Our system will work. It is our own, home-grown, constantly evolving system. Without goodwill, trust and co-operation no system will work; not even our own.

I should like to end with a quotation from one of my favourite books, *Ottawa Editor* by Charles A. Bowman. At page 272 he has this to say:

> The Peace Tower's design is in right perpendicular lines, in testimony to Canada's faith in the Great Architect of the Universe. The windows of the Memorial Chamber look to the east, west and south. . .
>
> Words of timeless significance had to be found for the architectural adornment of the flat stonework in the window arches. So came the architect's call to me to make my offering.
>
> I tried to find passages in Shakespeare, Milton, Ruskin, Epictetus. . . The realization came to me that I must go to the supreme source: the Volume of the Sacred Law furnished the texts.
>
> I found the right words in the Psalms. Over the main door, facing south, the text is from Psalm 72, verse 1: "Give the King thy judgments, O God, and thy righteousness to the King's Son."
>
> In this memorable quest, I asked the brothers to whom I had constantly looked for guidance, Wilson and Harry Southam, to help me. They gave me the words from Proverbs, appropriately for the west window: "Where there is no vision the people perish."
>
> For the east window, we agreed on the text also from Psalm 72: "He shall have dominion from sea to sea."
>
> Words of affirmation, carved to endure through the ages, they call for no interpretation. They are direct and simple.

The words over the main entrance, understood in modern terms of Parliament, equally apply. The King is synonymous with the sovereign people. As the Canadian people's representatives enter Parliament, members and senators, the prayer for judgment and guidance is surely in accord with the will of the nation.

So it must continue to be through the years . . . as the stones of the Peace Tower weather in the white mantle of winter, and the promise of spring is in the maple bud.

On motion of Senator Robichaud, debate adjourned.

The Senate adjourned until Tuesday, February 13, at 8 p.m.

# THE SENATE

**Tuesday, February 13, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## HEALTH RESOURCES FUND ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-2, to amend the Health Resources Fund Act.

Bill read first time.

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

**Senator Perrault** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Reports of the Administrator under the Anti-Inflation Act, dated February 7, 1979, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. The Corporation of the Town of Hearst, Ontario.

2. The Corporation of the Town of Pickering, Ontario.

3. The City of Brandon, Manitoba.

Report of the Anti-Inflation Board to the Governor in Council, dated February 7, 1979, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act respecting prices and profits of Parker Brothers Division of General Mills Canada Ltd.

Copies of "Second List" of items, together with explanatory notes, for study in the continuing Constitutional Review, issued by the Office of the Prime Minister.

Report of operations under the Farm Improvement Loans Act for the year ended December 31, 1977, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE TABLED

**Senator Forsey,** Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, tabled the following report:

Tuesday, February 13, 1979

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Fourth Report as follows:

(Statutory Instruments No. 5)

1. In relation to its permanent reference, section 26 of the *Statutory Instruments Act,* 1970-71-72, c. 38, your committee has determined to draw to the special attention of both Houses

SOR/77-1058, Import Control List, amendment; and

SOR/77-1059, General Import Permit No. 57

and in doing so to record its concern over the absence of legal rules governing the operation of import quotas on footwear and other goods.

2. By SOR/77-1058, Import Control List, amendment, import controls were placed on the following items of footwear:

"Men's and Boys', Women's and Girls', Children's and Infants' footwear other than rubber, canvas or waterproof plastic footwear and other than downhill ski boots, whether fully or partially manufactured."

The effect of placing these items on the Import Control List pursuant to section 5 of the Export and Import Permits Act is that importation is forbidden except under permits. Permits are of two kinds. First, under section 8 of the Act, the Minister may issue an individual permit to any resident of Canada permitting him to import controlled goods in such quantity, of such quality, from such places or persons and subject to such other terms and conditions as the Minister specifies in the permit or as are laid down in regulations made by the Governor in Council. Secondly, under section 12(c) of the Act, the Governor in Council may make regulations in effect setting up a general permit system. Under such regulations—(1) General Import Permit No. 57 was issued on 1st December 1977 as SOR/77-1059 allowing anyone to import several very limited categories—(2) of controlled footwear.

3. For general commercial purposes, an importer must rely on an individual permit under section 8 of the Act, which reads:

> "8. The Minister may issue to any resident of Canada applying therefor a permit to import goods included in an import Control List, in such quantity and of such quality, by such persons, from such places or persons and subject to such other terms and conditions as are described in the permit or in the regulations."

The regulations referred to are now the Import Permit Regulations, SOR/79-5, previously the Import Permit Regulations, 1954. These regulations are themselves quite brief and their substance is simply that the granting of a permit lies in the Minister's discretion. Obviously behind such a simple front there lies a complex administrative machinery which, in the case of controlled footwear, evidently entails a system of changeable quotas for importers. Your Committee's enquiries indicate that the review of quotas is carried out from year to year by a Footwear Quota Review Committee which operates vis-à-vis the footwear importing and retailing industry by a system of "Notices to Importers", the current numbers of which were supplied to the Committee on request by the Department of Industry, Trade and Commerce. The allocation and size of quotas is obviously considered to be a matter of policy.

4. To the extent that the Department of Industry, Trade and Commerce or the Quota Review Committee have rules which are applied in the allocation and the setting of the size of quotas, no ascertainable instruments or legal rules would seem to be involved. Matters of policy are left to the government by the Act and an administrative machinery has been set up by it outside the Regulations to execute the policy decided upon within the context of the power to control imports.

5. Your Committee considers that the Houses should be aware of the absence of any regular machinery established by any legal rules embodied in any statutory instrument governing the granting and review of import quotas. The *Export and Import Permits Act* has, since at least the 1971 amendments to it, been regularly used as an instrument of economic regulation in very sensitive areas of the economy, although it seems originally to have been drafted and passed to deal with much more limited matters. If indeed import controls have become a feature of Canadian economic management, your Committee is concerned that there is not a set of rules more elaborate than that set out in a short statute and a skeletal set of Regulations that will enable importers and retailers of goods to know what they face and can enforce and what procedure they must follow and can expect to be followed.

6. Your Committee also reports that neither SOR/77-1058, Import Control List, amendment, nor SOR/77-1059, General Import Permit No. 57, infringe in any substantive way any of your Committee's criteria for the scrutiny of statutory instruments. However, SOR/77-1058, Import Control List, amendment, does fail to recite any paragraph of either subsection of section 5 of the *Export and Import Permits Act* as the basis for the action taken in adding footwear, as specified, to the Import Control List. Reliance on section 6 of the Act is recited but section 6 merely empowers the Governor in Council to revoke, amend, vary or re-establish any Import Control List. The grounds on which any item may be placed on the Import Control List are set out in section 5 of the Act, and your Committee is of the view that the ground relied upon should be referred to in every case where an item is added to the Import Control List.

—1 Section 8, Import Permit Regulations 1954, C. 55, 1225. These regulations, having been made long before 1972, do not fall within your Committee's terms of reference. New Regulations have been made and registered as SOR/79-5, but do not differ in any material way from the Regulations under which General Import Permit No. 57 was issued.

—2 These categories appear in the Annex to this Report.

## Annex
## General Import Permit No. 57

1. Any person may, under the authority of this General Import Permit, import into Canada from any country, except Rhodesia, footwear as described in item 57 of the *Import Control List*

(a) where the imported footwear is acquired or received by a resident of Canada for his personal use or as a gift and each importation of the footwear does not exceed six pairs;

(b) where the imported footwear are *bona fide* commercial samples not for sale in Canada, imported into Canada by manufacturers, retailers and designers, and each importation of the footwear does not exceed two hundred pairs;

(c) where the imported footwear is acquired or received by a resident of Canada by virtue of a medical prescription;

(d) where the imported footwear is sisal footwear, oriental type sandals or disposable paper slippers;

(e) where the goods are imported by and for performing arts organizations;

(f) where the imported footwear was awaiting customs clearance on December 1, 1977 or was in transit on that day if the importer submits to the collector of customs at the port of entry of the goods, bills of lading or other documentary evidence acceptable to the collector of customs to substantiate that the goods were awaiting customs clearance on December 1, 1977 or were in transit on that day; or

(g) where the imported footwear does not exceed one thousand pairs per shipment during the period commencing on December 1, 1978.

Respectfully submitted,

Eugene A. Forsey,
*Joint Chairman.*

## PARLIAMENT BUILDINGS

THE *ROYAL WILLIAM*—REMOVAL OF COMMEMORATIVE PLAQUE—QUESTION

**Senator Forsey:** Honourable senators, I seem to be popping up all the time tonight. I have two questions to ask of the Leader of the Government, one of them entirely non-controversial and the other perhaps not quite so much so. In each case I shall be obliged to lay a certain groundwork very briefly for the question.

The first question has to do with a Canadian first which has rather dropped out of the public mind and which I think ought to be recalled. Formerly in the passage leading to the Library of Parliament there was on the wall a bronze tablet commemorating the *Royal William*, which, as honourable senators will doubtless recall, was the first ship to cross the Atlantic wholly under steam—a ship built in Three Rivers and engined in Montreal and sailing with fuel from the Pictou county coal mines.

For some reason which I have never understood that plaque was taken down to make room for something else evidently considered more worthy. I made some inquiries about it and found out that it was stored away somewhere. I have forgotten now where. But now that the powers that be have decided to put up something on the wall outside the passageway—namely, the rather ill-identified plaque commemorating the Westminster Palace Hotel Conference of 1866—I am wondering whether we should not take steps, or try to get the authorities to take steps, to put up that commemoration of the voyage of the *Royal William* again. I think it is highly desirable that this should be done, and I should like to ask the Leader of the Government if he might look into the matter and perhaps use his vast influence, the weight of his enormous prestige and authority, to persuade the authorities of the two houses, or the government, or whoever is concerned, to replace that plaque.

**Senator Perrault:** Honourable senators, I shall use my best influences to have the situation regarding the steam packet commemorative plaque investigated. Hopefully, the plaque can be regilded and buffed and returned to a place of honour somewhere within these precincts. However, I can provide no guarantees.

## DEPARTMENT OF LABOUR

REMOVAL OF REQUIREMENT TO PUBLISH *LABOUR GAZETTE*—QUESTION

**Senator Forsey:** I have a further question of the Leader of the Government. Honourable senators will notice that we now have in our desks Bill C-30, to amend the Department of Labour Act. Section 4 of the present act says, among other things, that the department shall "issue at least once in every month a publication to be known as the *Labour Gazette*".

The last number of the *Labour Gazette*, which I looked at in the Parliamentary Library today, is labelled "Final Issue, November-December, 1978—numéro final, novembre-décembre, 1978."

Bill C-30, which would relieve the Department of Labour of that statutory obligation, was introduced on December 15 last in the other place. It contains a clause saying that it shall come into force on January 1, 1979. The bill, as far as I know, has not yet even passed the other place. I have heard nothing about its being a priority item. I am wondering now—and this is the point of my question of the leader—under what authority the *Labour Gazette*, whose publication every month is a statutory obligation of the Department of Labour, has been brought to an untimely end.

**Senator Perrault:** Honourable senators, Senator Forsey, as usual, has asked pertinent and challenging questions. The *Labour Gazette* was an excellent and historical journal. I understand that one of its early editors was the late William Lyon Mackenzie King. I can provide no immediate and detailed reply to the honourable senator's question. The question will be taken as notice.

## FOREIGN AFFAIRS

EAST COAST FISHERIES—CANADA-FRANCE AGREEMENT—QUESTION

**Senator Marshall:** Honourable senators, I have a question for the Leader of the Government. Can he inform the house whether any discussions were held between the Prime Minister of Canada and Premier Barre of France, during the latter's visit to Canada, over the position of the two countries with regard to St. Pierre and Miquelon, and particularly with regard to the establishment of boundaries between those islands and the Province of Newfoundland-Labrador with regard to fishing rights, and also with regard to the establishment of the 200-mile limit, the boundaries surrounding, and the median line which has to be discussed as it reflects the views of both countries on this very sensitive issue?

**Senator Perrault:** Honourable senators, further information was sought on this particular question last week. Some information was available at that time, and I committed myself to endeavour to provide a more complete reply to the question. I have received no specific information that that was on the agenda of talks between the Right Honourable the Prime Minister and Premier Barre of France. However, inquiries will go forward.

• (2010)

INTERNATIONAL SOCIAL SECURITY AGREEMENT—QUESTION

**Senator Grosart:** Honourable senators, I would ask the Leader of the Government if it is the intention of the govern-

ment to seek the formal approval of the Senate and the House of Commons before ratification of the so-called international social security agreement signed on February 9 of this year by the Secretary of State for External Affairs and the Secretary of State for Foreign Affairs of France, Mr. Olivier Stirn.

**Senator Perrault:** Honourable senators, I have no information immediately available. The question will be taken as notice.

## NEWFOUNDLAND

### SEAL HUNT PROTEST ACTIVITIES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked on January 30 by Senator Marshall in relation to seal hunt protest activities. The senator asked about the activities of one Cleveland Amory who has apparently been active in organizing a seal hunt protest.

First, no licence or permit has been issued to a vessel known as the *Sea Shepherd* to observe the seal hunt. Secondly, application for such a permit has not been received to date from either Paul Watson or Cleveland Amory, two of the reported principals. Thirdly, an application for a permit to allow a vessel, reinforced for ice, at the hunt has been received from Julian Hopkins, Executive Director of the Royal Society for the Prevention of Cruelty to Animals. Mr. Hopkins' application did not contain any details and he has been requested by telex to supply same. Fourthly, departmental officials are attempting to ascertain if the vessel referred to in Mr. Hopkins' application is in fact the *Sea Shepherd*.

### PERMIT APPLICATIONS—QUESTION

**Senator Marshall:** As a supplementary question, since the seal hunt protest activity has been increasing over the past weeks, and since we are now fast approaching the opening of the seal hunt, which is around March 12, could the Leader of the Government furnish this chamber with an up-to-date report of all applications for permits? Would he also determine the position of the government with regard to the number of nincompoops who are trying to interfere with the reasonable livelihood of the fishermen of Newfoundland, and report to the chamber on both of these matters as soon as possible?

**Senator Perrault:** Up-to-date information will be sought.

## GRAIN

### PURCHASE OF HOPPER CARS—QUESTION

**Senator Argue:** Could the Leader of the Government bring the Senate up to date on the general policy of the government regarding the purchase of an increased number of hopper cars for the movement of grain?

As background information and supplementary to the question, the Wheat Board announced that it would like to see the federal government, in conjunction with the three prairie governments, purchase 10,000 hopper cars. The Wheat Board itself is now committed to the purchase of 2,000 hopper cars. The Saskatchewan government has said that it would like to see a ministerial task force set up to discuss this whole question.

Since the transportation of grain, particularly for the export market, is a federal responsibility, can the leader assure the house that the government is showing leadership with respect to the purchase of hopper cars? It would seem to me—and I regret to have to say this—that the government today is reacting to proposals from others rather than taking what I think is a very necessary and desirable lead in this matter. It took the lead in the past when it purchased 8,000 box cars, but it seems to be at a standstill now.

**Senator Perrault:** Honourable senators are aware, of course, that the government has shown outstanding initiative in this area in past years. The Honourable Otto Lang has been responsible for the ordering of grain cars and other necessary railway equipment to transport Canada's goods to our seaports for shipment abroad.

I will seek further information from the minister responsible for the Wheat Board, the Honourable Otto Lang, the Minister of Transport, and attempt to bring that to the Senate as soon as possible. There is, as honourable senators are aware, controversy about the degree of need for these cars.

**Senator Argue:** I should like to assure the leader that my question is based on the need to strengthen the good works and stand of the Honourable Otto Lang in the cabinet, as I perceive his stand to have been. I think it goes without saying that those of us from the prairies should express ourselves on this subject in order that that may be accomplished.

● (2015)

**Senator Benidickson:** Honourable senators, may I ask a supplementary question? Having originally come from one of the prairie provinces, I am very interested in this problem. I have heard about the Crowsnest rates, and I have always listened with great interest to speeches on the marketing of grain. I would refer particularly to a recent speech on this subject by Senator Roblin.

Whom are we relieving, the farmers or the railways? What are the responsibilities upon the railways under the Railway Act? The railways have never shown greater profits than they have this year, and it is an historical fact that when the railways move large quantities of grain they show heavy profits; but they are always complaining about the Crowsnest rates. I, too, would like an answer to this question.

**Senator Perrault:** Honourable senators, I shall have to take that question as notice. I shall endeavour to obtain a general statement of government policy and present it here as soon as possible.

## SPORTS

### DEFEAT OF NATIONAL HOCKEY LEAGUE ALL-STAR TEAM IN INTERNATIONAL COMPETITION—QUESTION

[*Translation*]

**Senator Asselin:** Honourable senators, I have a question for the Leader of the Government after the humiliating defeat of

the NHL All-Star Team by the Soviets last weekend. Does he not think that it is time for the government to establish a commission of inquiry to look into the structure of the National Hockey League as regards professional players in order to consider their contracts, their training methods, and their salary scale, which, I think, is much too high?

**Senator Marchand:** Too low.

**Senator Asselin:** Too low, if you compare it with the salaries of honourable senators. Yes, Senator Marchand is right. Would it not be also time for the government to give more support to amateur sport which, in my view, could spend judiciously the millions of dollars which are now being made available to professional clubs to expand their arenas and enable them to draw even higher salaries. Is it not time for the government to look into that matter by establishing a commission of inquiry? It would enable us to avoid in the future being ridiculed as we were last weekend by the Soviet hockey team that came to New York to defeat a team of professionals who were supposed to demonstrate to the world the supremacy of North American professional hockey?

[*English*]

**Senator Perrault:** Honourable senators, together with, I suspect, most honourable senators, I too suffered during the events in New York last Sunday evening—

**Senator Flynn:** I didn't.

**Senator Perrault:** —which saw the defeat of the National Hockey League All-Star Team. However, surely we should keep this defeat in reasonable perspective. It was not and is not the end of the world; it was not and is not a national humiliation. It happened to be a tough hockey series which was lost by a team largely made up of Canadian players.

If, for example, the second game had been five to four for Canada, the demand for an inquiry would not be made in this chamber this evening, because then Canada would have won the series two games to one. But the result of the second game was five to four for the Soviet Union. And so we have this national introspection.

When some Canadians agonize over the events of last weekend, they should remind themselves that Canada in the past 10 years—and this redounds to the credit of individuals principally but also to various levels of government and the political parties represented in those governments—has made immense strides in international competition. For example, Canada today stands in the top three or four nations of the world in swimming. We are doing extremely well in gymnastics and in track and field. Canadian skiers from western and eastern Canada make up one of the best downhill teams in the world today. I think that all of us can take great satisfaction from the achievements of these and other Canadian athletes. We can take the same kind of pride in our figure skaters and our curlers. We can talk just as favourably about the achievements of Canadians in many other sports endeavours as well.

● (2020)

**Senator Asselin:** Talk about Canadian hockey.

[Senator Asselin.]

**Senator Perrault:** In recent days Nancy Garapick has brought new honours to this country in a swimming meet in Europe.

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

**Senator Perrault:** These achievements in sports are a tribute to Canada's athletes and the determination and dedication of Canadians from all provinces. As far as hockey is concerned, there will be other series to be played in this country and abroad, and Canada will win more than its share of the games.

**Senator Hicks:** May I be immodest enough to point out that Nancy Garapick's coach is a member of the Department of Physical Education at Dalhousie University.

## DEPARTMENT OF VETERANS AFFAIRS

### PROPOSED MOVE OF CANADIAN PENSION COMMISSION—QUESTION

**Senator Marshall:** Honourable senators, I apologize for asking another question, but I am going to ask it anyway. Could the Leader of the Government advise the chamber now, or after consultation with the Minister of Veterans Affairs, on the position of the government following the request by the Canadian Legion that serious consideration be given to leaving the Canadian Pension Commission in Ottawa, and not moving that commission in the impending decentralization of DVA headquarters to Prince Edward Island—I am not taking away anything from the move to Prince Edward Island—so as to ensure no disruption of service to the veterans of Canada? It is important that the Canadian Pension Commission remain in Ottawa, where it is centrally located.

**Senator Perrault:** Honourable senators, a number of representations have been received by many senators and other members of Parliament over recent days on this subject. The matter is being taken up with the Minister of Veterans Affairs, and I hope a reply will be forthcoming soon.

## SHIPPING CONFERENCE EXEMPTION BILL, 1979

### THIRD READING

**Senator Lewis** moved the third reading of Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act.

**Hon. Léopold Langlois:** Honourable senators, even though we are on third reading of this bill, with your permission I should like to avail myself of this opportunity to elaborate further on two answers I gave to my honourable friend Senator Roblin on February 8, when we were considering the report of the Standing Senate Committee on Transport and Communications.

Senator Roblin's questions dealt with clauses 13 and 14 of Bill S-6. I should like to add that clause 13 has two purposes. First, it requires members of a conference to establish an office or agency in the region of Canada in which they operate. This is considered desirable because, at the present time, many

conferences do not maintain conference offices or agencies in this country.

Secondly, clause 13 requires conferences to make available to the public, for inspection or purchase, copies of documents filed with the commission and still in force. This is considered desirable because, under the current legislation, relevant conference documents, including conference agreements, membership lists, standard patronage contracts and tariffs are accessible to the public only in the offices of the Canadian Transport Commission in Ottawa, and not in the region in which the conference operates.

Clause 13 also ensures that conferences serving this country have a physical presence in the region of the country in which they operate and that they maintain, at that office or agency, copies of relevant documents for inspection or purchase by the public.

● (2025)

On the other hand, clause 14 simply ensures that copies of current tariffs are available for inspection at whatever principal offices or agencies in Canada the various members of a conference might have, as distinct from the conference offices or agencies. This is considered desirable, as the current legislation requires only that conferences file such tariffs with the Canadian Transport Commission. This will allow the shipping public in particular to have easier access to the rates and conditions governing the shipment of goods covered by the various tariffs.

**Senator Roblin:** Honourable senators, I thank my honourable friend for taking the trouble to investigate this matter further, but I would like to ask him a question in respect to his answer.

Why is it considered desirable to file the tariffs in all the offices in the country, but not these other documents which, in turn, form the material on which the tariffs are based? It seems to me that it would be desirable, if you are going to require these tariffs to be filed in all of the offices, to extend the regulation to include the other documents, which, as I say, are relevant to the tariffs themselves.

**Senator Langlois:** There is a distinction to be made between the functions of the two types of office concerned.

First, as I said, clause 13 requires to be made available to the public, for inspection or purchase, copies of documents filed with the commission and in force. On the other hand, clause 14 simply ensures that copies of current tariffs are available for inspection at principal offices maintained in Canada by various members.

In one case we are dealing with offices maintained by a conference, and in the other with offices maintained by members of these conferences. I hope my friend can see the distinction between the two. We are dealing with two aspects of the publication of these very important shipping documents.

Motion agreed to and bill read third time and passed.

## TRADEMARK BILL, 1979

SECOND READING—DEBATE ADJOURNED

**Hon. John Morrow Godfrey** moved the second reading of Bill S-11, relating to trademarks and unfair competition.

He said: Honourable senators, trademark legislation is one of the oldest forms of legislation in Canada. The Parliament of Canada passed the first federal legislation in respect of trademarks in 1868 and, at recurring intervals since that time, the act has been revised to reflect the changing conditions and practices of the Canadian marketplace. The most recent significant revision of the act occurred in 1954. The most important changes introduced in 1954 by the present Trade Marks Act were:

● (2030)

(1) Provision for the use of a registered trademark by persons other than the owner under a scheme where the owner of a registered mark can obtain the right to permit others to use the trademark if application is made to, and accepted by, the Registrar of Trade Marks to record such other persons as registered users.

(2) Provision for the sale or assignment of a trademark without a simultaneous transfer of the whole business in respect of which the trademark had been used.

In 1971, the Trade Marks Act had been subjected to a thorough examination by the Economic Council of Canada in its report on Intellectual and Industrial Property.

This started the process of serious consideration being given to once again revising the Trade Marks Act. After careful consideration of the various commentaries that have been received by the government in response to the Economic Council's report, the government, in 1974, issued a working paper on the revision of the Trade Marks Act and invited comments thereon. Those comments, together with extensive consultation with the private sector and with the relevant government departments, have culminated in Bill S-11, which is before us tonight. Thus the whole process of producing this bill has taken eight years, so that it can hardly be taken as an emergency piece of legislation, and this has some relevance to remarks that I will make at the end of this speech as to how the bill should be dealt with in the Senate.

Trademarks are an essential component of any effective competitive economy. It is by a trademark that a seller of goods competes for the trade of the consumer, and the purchaser can distinguish between the competing products of the same kind.

We are all familiar with the value of trademarks. For example, in the drug trade there has been agitation to have doctors prescribe drugs by their generic names rather than their trade names so that the customer can buy cheaper drugs from a less well-known maker, thus creating more price competition. The purpose of the trademark legislation is to provide a means to regulate the use of the trademark owner's exclusive right to use and to protect the consumer against deception.

The authority to pass laws in Canada in respect to trademarks falls within the jurisdiction of the Parliament of Canada

under section 91(2) of the British North America Act, which is "the Regulation of Trade and Commerce." This authority has recently been confirmed once again by the Supreme Court of Canada.

If I were to characterize the general nature of the proposals contained in this bill, I would say that their essential thrust is to place a greater reliance on the marketplace and the natural forces that work therein to regulate the use of trademarks. The government believes that by placing greater reliance on the marketplace several benefits will ensue.

First, it will improve the degree of competition existing in the marketplace and increase competition benefits both to the producer and the consumer.

Secondly, the bill will, in large measure, reduce the possibility of consumer deception. The consumer will be provided with a greater assurance that the product he is buying is in fact what is purports to be. Under the present act, all that is required is that the licensing agreement must provide for, in effect, quality control over the goods or services covered by the agreement. It does not matter whether the owner of the trademark enforces the quality control provided for in the agreement.

Under the bill, if it is found by a court that the owner either does not have control over the use of the trademark or does not exercise such control, the registration of the trademark can be declared invalid. The owner of the trademark, therefore, has a practical incentive to enforce any provisions of the licensing agreement providing for control of the quality of the goods or services covered by the agreement.

Finally, it is anticipated, if all the proposals are enacted into law, that there will be possibilities for effecting substantial savings in the administration of the Trade Marks Branch.

It is not my proposal to review in great detail on a clause-by-clause basis the proposed act; indeed, that will come later at the committee stage. Rather, I would like to call your attention to several basic and important highlights or features of the bill as it stands before you. As I have previously pointed out, the act of 1954, for the first time, permitted the licensing of trademarks. That is, the owner of a trademark may license someone else to use the trademark in association with the goods or services provided that there is a provision in the licensing agreement that they meet certain conditions as to quality and other features.

● (2035)

The act as it now stands requires that the licensing agreements be registered with the Registrar of Trade Marks and that the registrar examine them to make sure that the agreement contains the necessary controls to assure the quality to be maintained. Experience has indicated that the registrar lacks the resources and the expertise to adequately examine agreements to determine the efficacy of these controls.

Furthermore, the registrar is not required to see that the controls are actually exercised. If the controls are not adequate and the trademark is debased by the licensee it is really the trademark owner who suffers the consequences, even if his mark is not invalidated.

It was the recommendation of the Economic Council, in part, but more particularly of the working paper, that the responsibility to ascertain that the controls for licensees are adequate, should rest with the licensor. If the controls are not adequate, or if he does not exercise the controls, he may lose his mark. Accordingly, the bill proposes that the registrar no longer approve the licensee agreements but only record full particulars of licence agreements.

I understand that this is somewhat similar to the system now used in the United States. I have also been informed that there has been some criticism of the way it has worked in the United States. I would suggest that this is an area that should be looked into in committee as we may well be able to benefit by the United States experience.

Recent court cases found that the use of a trademark by a licensee entered as a registered user rendered the trademark invalid unless the name of the owner of the trademark appeared with the name of the registered user. The reasons given by the judge in this case extended to their logical conclusion could make the use of a trademark by the registered user on goods other than goods manufactured by the owner a reason for causing the trademark to be declared invalid, thus negating to a large extent the purpose of the registered user provisions in the 1954 act. This case, the *OFF* case, led the government to believe that the definition of "trademark" and the definition of "distinctive" need to be amended to fully implement the aforementioned licensing proposals.

Moreover, in another case the court by some very complicated reasoning held the use of a trademark as a part of a trade name of a registered user could cause the trademark to be declared invalid.

These two cases appear to be instances where fine legal reasoning should have been tempered with a modicum of common sense. Since it is common practice for Canadian subsidiaries of foreign companies to use the house mark of the parent company as part of its corporate name, the licensing provisions will be amended to permit this in certain specified circumstances.

The present act prohibits the use of trademarks in fair and accurate comparative advertising, and in an effort to stimulate the competition and improve consumer awareness as to the quality of various products it is now proposed that trademarks can be used in comparative advertising if they are used in a fair and accurate manner.

The elimination of the examination of registered user agreements will effect some savings within the Trade Marks Branch. The Trade Marks Branch has experienced a substantial increase in the number of applications for trademarks. In the past five years the demand for trademarks has more than doubled on an annual basis. In order to be able to handle this increased flow of demand for trademarks it will be necessary to institute a series of internal systems for handling the

substantial flows of paper. Therefore, at several instances in the act it is proposed that changes be made to permit the registrar, for example, to store the register not just in written form but also in computer data banks. This will permit the branch to capitalize on the latest techniques in office management. Related to this matter, for the first time the Trademark Act will specifically authorize the Trademark Registrar to publish the *Trademark Journal* and to maintain a register of trademark agents.

● (2040)

All industrial property legislation around the world has been undergoing substantial revision. In an effort to standardize trademark registration around the world and to permit economies of operation between various offices, a treaty has been proposed called the Trademark Registration Treaty. In that treaty the term of a trademark is defined to be 10 years subject to renewal. At the present time, the Canadian Trade Marks Act grants the exclusive use for a period of 15 years subject to renewal for additional 15-year periods. It is proposed in this bill that the term be reduced to 10 years to bring it in line with the proposed Trademark Registration Treaty and with emerging European practice.

While it is not contemplated at this time that Canada will necessarily ratify the Trademark Registration Treaty, it was felt by the government that it would be worthwhile to make the necessary change in the term of the Trademark Act so that if at a future date it was decided to ratify the Trademark Registration Treaty it would not require substantial amendment to the then existing act.

Under the Trade Marks Act of 1954 the owner of the trademark had exclusive right to use the trademark and it was the opinion of the Economic Council that the owner's right to the exclusive use could act as a tariff barrier. A subsidiary in Canada may, in fact, be given by its foreign parent the right to own the trademark in Canada, and this subsidiary could use it to exclude the lower priced equivalent product from coming into Canada from his foreign parent.

Perhaps the most famous instance of this is the *Mepps Fishing Lure* case in which fishing lures manufactured in France were sold in Canada at a substantially higher premium over the equivalent lure in France. The trademark owner went to court to enjoin Canadian importers from bringing in the equivalent lure manufactured by the foreign parent and selling it at a lower price. The court, on appeal, found in favour of the importers, arguing that this power of exclusion was a perversion of the Trade Marks Act.

It is proposed in this bill that that kind of abuse to the Trade Marks Act will be eliminated. Thus, goods bought abroad from a parent company, or a company that is directly related to or controlled by the Canadian owner of the trademark, and bearing the same trademark, may be brought into the country provided it is not demonstrated that there are substantial differences between the foreign and domestic product. It is not anticipated that a substantial amount of goods will flow into the country, but what is anticipated is that price differences which cannot be accounted for by the difference in transportation costs, tariffs and exchange rates, will not exist for a substantial period of time in Canada. It is the feeling of the government that if a local distributor or manufacturer needs protection, it is the Tariff Act and not the Trade Marks Act that should afford such protection.

There is one final provision that deals with the protection that will be afforded appellations of origin under the new Trademark Act. Canada has an obligation under the Paris Convention to afford protection to appellations of origin. In the past, certain bilateral treaties afforded protection to certain appellations of origin in Canada that was in excess of the protection that was afforded under the Trade Marks Act to trademark owners, and was in excess of that required under the Paris Convention. The best known instance of how this works was in respect of the word "champagne." Champagne is a geographical district in France, and the Supreme Court of Canada held that it was protected by the Canada-France Trade Agreement Act and, therefore, could not be used in Canada by a Canadian company in association with a sparkling white wine produced in Canada. Canada has recently abrogated this trade agreement with France.

Under the bill, an appellation of origin is treated, in essence, as a type of trademark and subject to the same market forces and regimes as other kinds of trademarks. Thus, if the owner of a trademark allows others to use the mark without his consent, he faces the possible loss and, indeed, invalidation of his trademark.

It is proposed in the bill that appellations of origin will be treated under clauses referring to certification marks, and that in considering an application for registration of an appellation of origin the registrar should bring to bear the same conditions that apply for trademarks—that is, what the appellation of origin means in the Canadian marketplace and not in some foreign marketplace. In most instances, the appellation of origin will be indicative of a class or type of goods from a given place of origin, and having a certain quality. However, in other cases it may simply be distinctive of a type or quality, and not distinctive of the origin of the goods. In such instances, it will be possible to have separate but equivalent standards apply to the particular product but in the case of goods that originate in Canada, their origin will be clearly distinctive. In this way the consumer will be assured of standards of quality, but will also be protected from deception as to place of origin.

If the owner of a registered appellation of origin under these provisions does not choose to enforce the exclusivity of the use of the term, he risks the possible invalidation of his appellation. In other words, if the person or group who has registered the appellation does not take steps to protect it—if they feel it has insufficient market value toward its continued protection—the mark can risk being made available to all manufacturers.

What does all this mean in practical terms. Let's take one example. Because the word "champagne" was used by Canadian producers of sparkling white wine for more than five years without French interests making an effort by legal process to stop its use, the French interests cannot register the word as an

appellation of origin. The Canadian wine producers on their part must not deceive the public into thinking that their product was produced in France, and must clearly indicate that it was produced in Canada. When so-called Canadian champagne was first produced, the labels on the bottles certainly did not indicate clearly that it was produced in Canada. For some years now each bottle is clearly labelled as "Canadian" champagne so that the public is not deceived in any way. This practice will have to be continued under this bill if they are not to lose their right to use the word "champagne."

From what I have said it should be obvious that the proposed revisions to the Trade Marks Act, if enacted into law, will serve to provide Canada with a new act that meets the particular needs of Canada and yet is consistent with international practice.

Honourable senators, there is one other matter I would like to draw to your attention. Clauses 8(2), 36(e), 58 and 59(1) are set out in italics because they are incidental monetary clauses. The House of Commons has always taken the position that such clauses appropriate part of the public revenue and are contrary to section 53 of the BNA Act and, therefore, cannot be included in a bill which is first introduced in the Senate. The fourth edition of *Bourinot* at page 493 explains that in such cases the money clauses are embodied in the bill as presented in the Senate in italics in order to make it more intelligible. When the bill is considered in committee, these clauses are ordered to be omitted. For convenience, these clauses are still printed in italics in the engrossed bill sent to the House of Commons but are technically not part of the bill and are considered blanks in the bill.

In the House of Commons, the bill is referred to a committee which will then propose amendments reinserting these clauses in the bill. These amendments will be adopted by the House of Commons, and then the bill will come back to the Senate for approval in final form.

The last time this procedure was adopted was, I believe, in respect to the Bankruptcy Act. The procedure was explained by Senator Hayden in his speech on April 4, 1978, and reported at page 517 of Senate *Hansard* of the last session. It is rather an ingenious way of being able to introduce a bill in the Senate even though it contains a few clauses which could be considered money clauses.

● (2050)

I mentioned in my opening remarks that I would make some suggestions at the end of this speech as to how this bill should be dealt with in the Senate. Honourable senators will recall that I moved the second reading of the bill providing for amendments to the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act. These were complicated and very technical provisions. I recall the bill received first reading in the Senate on Tuesday, February 22, 1977. I started to review the bill on the Wednesday morning and spent a good part of the Thursday morning with Mr. Humphrys, the Superintendent of Insurance. I was starting to have lunch with him in the Parliamentary Restaurant when he told me that I was to move second reading of the bill in the Senate that afternoon. I remember nearly falling off my chair as I had not been paying as much attention as I should when it was moved that second reading take place on Thursday, and I had presumed that it would be the Thursday a week later. I remember gulping down my soup, abandoning the rest of my meal and rushing back to my office to try to get my speech in shape for that afternoon.



The bill received second reading on March 8 and was referred to the Banking, Trade and Commerce Committee which held a hearing on it only two days later and reported it with ten amendments. The bill received third reading in the Senate on March 16, 1977.

**Senator Connolly (Ottawa West):** Was that bill introduced in the Senate?

**Senator Godfrey:** Yes, it was introduced in the Senate.

The bill then went to the House of Commons. It was considered by the committee there on June 21, 1977, and reported with 24 amendments. Just before the bill was considered in the Commons committee, one of the large firms of investment dealers in Toronto asked their lawyers to look at the provisions of the bill. They discovered that there was an error in drafting which would in many cases have prevented insurance companies from purchasing bond issues. This was drawn to Mr. Humphrys' attention, who drafted and submitted to the Commons committee amendments to cure these defects. If the bill had been passed by the House of Commons in the form in which it left the Senate, it would have had very serious adverse effects on the financing of companies in Canada, and everybody would have had egg on their faces.

Why do I mention this at this time? Simply to point out that, with respect to complicated, technical legislation, bills should not be considered in committee until the public, and particularly interested parties, have had a reasonable length of time in which to consider them so that they can make a meaningful input when they reach the committee stage.

With respect to the amendments to the Insurance Companies Act, the Canadian Life Insurance Association certainly had considered the bill before it was discussed in committee, and as a result Mr. Humphrys proposed the ten technical amendments in committee which were adopted, but they did not catch these particular defects. The investment community certainly was not without sin, because they had a very direct interest in the amendments proposed by the bill and yet they did not bother to really look at them for some months. Even then it was only because of the initiative of one firm that the defect was discovered.

When the bill came back to the Senate for adoption of the amendments made by the House of Commons, I remember saying that I, as sponsor of the bill, was somewhat embarrassed that these defects had not been discovered at the committee stage in the Senate. I would have been even more embarrassed if I had known at the time—and this I didn't discover until after the bill had received royal assent—that the investment firm that I have referred to was a client of my law firm, and that it was one of the partners in my firm who

discovered the defect. Incidentally, he was not aware that I was the sponsor of the bill in the Senate.

Certain officials in the Department of Consumer and Corporate Affairs are holding a series of seminars across the country with persons interested in this bill. These seminars commence in Edmonton on February 20 and finish in Halifax on March 8. At these seminars there will be briefings on the contents of the bill, and the changes to the present act. Until these briefings have taken place and until the public, the legal profession, trademark agents and the business community have had a reasonable chance to study Bill S-11, a Senate committee should not, in my opinion, hold meetings on this bill. If the bill receives second reading, I will move that it be referred to committee, but I would not expect the committee to be able to complete its study before an election is called.

The real purpose in presenting this bill is so that it can go public, and so that everyone can have a reasonable length of time to consider its contents and make recommendations both to the department and to the Senate committee. There is no way that it can become law during this session of Parliament and there is, therefore, no urgency in considering the bill at the second reading stage. That does not mean that we should not have second reading, but just that it really doesn't matter whether there is second reading before March 8, after which date the seminars end and the officials of the department will be available to give evidence.

**Senator Grosart:** Honourable senators, I do not intend to speak on the bill tonight, but perhaps I may ask Senator Godfrey if it is not a rather extraordinary statement that there is no possible way this bill could become law in the present session. I do not know on what he bases that assurance, and I would be happy if, in reply to my question, he could tell me what makes him so sure.

I would also ask him if the changes in the licensing provisions to which he referred are an indication that the government is already aware of certain amendments that it will propose. If not, are these changes merely a matter of providing for the situation he referred to in regulations or licensing provisions which presumably would be governed by the regulations?

I would also ask him if, before proceeding any further to discuss this, he can explain the use of the word "otherwise" in clause 11. It says: "No person shall adopt, as a trademark *or otherwise*, any mark . . ." and so on. What is meant by "or otherwise"? This is a bill dealing with trademarks only. How far does the expression "or otherwise" take it? To me, that is an extraordinary expression.

Perhaps the honourable sponsor could explain to us the dimensions of the provisions of the bill. Does the expression "or otherwise" mean that any of the prohibitions in this bill can extend to anything, any use?

**Senator Godfrey:** I shall answer your first question as to why I do not think it will be passed before an election. I do not know when the election will be called, but I expect it will have to be called at the very latest in April. As I have explained, this is a highly complicated, technical piece of legislation, and I doubt that it would be possible for a Senate committee to consider it and give it the kind of treatment it should have after the seminars have been held. I have suggested that witnesses should be brought from the United States, for example, to inform us how some of these proposed provisions have actually worked in the United States. Moreover, as this process has been in train for eight years, there is no rush about it, and it should receive the full treatment in committee. From a practical point of view, therefore, it will not get through both the Senate and the House of Commons before an election is called.

As to the words "or otherwise," I haven't the vaguest idea what they mean, but I will certainly try to find out.

**Senator Grosart:** Do I take it from the general statement as to the lack of urgency in respect of the Senate's consideration of this bill that you would prefer we let it remain at this stage, and not refer it to a committee until some time after March 8? Would that be your preference?

• (2100)

**Senator Godfrey:** There is no reason why the debate should end before March 8. Some senators might like to take the time and the trouble to really go through the bill—which obviously Senator Grosart has done because he lit on these words "or otherwise," which mystify me as much as they mystify him. I hope we can get some kind of an explanation. Honourable senators will have a chance to study the bill, and if they wish to make speeches, make comments, or ask questions before it goes to committee, that is all to the good.

On motion of Senator Grosart, debate adjourned.

## OFF-TRACK BETTING

### MOTION TO AUTHORIZE STUDY BY LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—MOTION IN AMENDMENT—SPEAKER'S RULING ON POINT OF ORDER—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, and, in particular,

(a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from pari-mutuel betting;

(b) the concept, structure and effectiveness of a so-called "home marketing area", for each track, with particular reference to equitability and enforceability;

(c) the legislative and regulatory framework in which such a system would be best implemented; and

(d) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination, and

On the motion in amendment thereto of the Honourable Senator Sparrow, seconded by the Honourable Senator Cook, that the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in a Committee of the Whole, to explain to all senators

(a) the need for a study on off-track betting,

(b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and

(c) the urgency at this time for such a study.—*(Honourable Senator Flynn, P.C.).*

**The Hon. the Speaker:** Honourable senators, on Thursday of last week, February 8, in the course of the debate on the motion of the Honourable Senator Perrault, P.C., that the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, the Honourable Senator Langlois raised a point of order, when he said, as it appears at page 519 of the *Debates of the Senate* for that day:

I should like to draw the attention of the Chair to rule 18, which is as follows:

18. When a bill or other matter relating to any subject administered by a department of the Government of Canada is being considered by the Senate or in Committee of the Whole, a minister, not being a member of the Senate, may on invitation from the Senate enter the Senate chamber and, subject to the rules, orders, usages, forms and proceedings of the Senate, may take part in the debate.

This is not a matter which comes under any department of government. The main motion simply requests that the subject of off-track betting be studied by the Legal and Constitutional Affairs Committee of the Senate. Off-track betting is illegal in Canada under the Criminal Code. It is not something that comes under a specific department, and for that reason I do not see how the motion in amendment can be entertained at this time.

First, may I say that rule 18 of the Rules of the Senate, the rule on which the Honourable Senator Langlois bases his point of order, was adopted December 10, 1968, when the Senate approved the fourth report of the Special Committee of the Senate on the Rules of the Senate. The old rule read as follows:

18A. When a Bill or other matter relating to any subject administered by a department of the Government of Canada has originated in and is being considered by the Senate or in Committee of the Whole, a minister representing the Department not being a member of the Senate, may enter the Senate Chamber, and, subject to the Rules, Orders, Forms of Proceedings and usages of the Senate, take part in the debate."

The 1968 amendment deleted the words "originated in the Senate" and added that the minister may "on invitation from the Senate" enter the Senate chamber.

When the Special Committee of the Senate on the Rules of the Senate proposed the change in rule 18, it gave the following explanatory note, which is to be found at page 450 of the *Journals of the Senate*, Part I, 1968-69, "the words 'has originated in and' are deleted, and the words 'on invitation from the Senate' are added to broaden the Senate's right to invite a Minister relating to any matter."

The Honourable Senator Langlois suggests that off-track betting is not something that comes under a specific department. I have to disagree with this interpretation. The fact that a certain matter is prohibited does not necessarily mean that it is not within the competence of the Government of Canada or of a department thereof. As was pointed out by the Honourable Senator Grosart, the whole subject matter of betting comes under Part V of the Criminal Code of Canada, starting at section 179. I think that in rule 18 the words "relating to any subject administered by a department of the Government of Canada" are intended to mean any matter under the competence of the federal Government of Canada. In fact the French version of rule 18 conveys more accurately the intent when it says:

18. Lorsque le Sénat en tant que tel, ou réuni en comité plénier, étudie un bill ou une autre matière relative à quelque sujet relevant de l'administration d'un ministère du gouvernement du Canada, . . .

If off-track betting were to be legalized, it would most certainly be administered by a department and most probably by the Minister of Agriculture who at present is responsible, under section 188, paragraph 7 of the Criminal Code, for the making of regulations respecting the supervision and operation of pari-mutuel systems related to race meetings. It is my view that off-track betting is clearly a subject that falls within the competence of the federal government.

For these reasons I submit that the point of order raised by the Honourable Senator Langlois is not valid, and the motion in amendment proposed by the Honourable Senator Sparrow can be entertained by the Senate.

**Senator Robichaud:** Honourable senators, according to Madam Speaker's ruling, Senator Flynn now has the floor and he can express his views on the motion in amendment.

**Senator Flynn:** Honourable senators, I thank Senator Robichaud for his invitation. Had he not made it, I probably would have remained in my seat.

**Senator Robichaud:** I thought you were looking at Madam Speaker for direction.

**Senator Flynn:** No. In fact, I was wondering whether Senator Langlois wished to appeal the Speaker's ruling. I would invite Senator Langlois to smile for once.

**Senator Langlois:** Smile at you?

**Senator Flynn:** Yes, or at Madam Speaker.

**Senator Langlois:** It would be a waste of time.

**Senator Flynn:** Honourable senators, I adjourned this debate because I wanted to read the speeches made by Senators Sparrow and Olson and, as well, Senator Sparrow's motion in amendment. The motion in amendment invites the Minister of Agriculture to appear before the Senate, meeting in this chamber in Committee of the Whole—to my mind, it is not too important whether we are in Committee of the Whole or simply sitting as the Senate—to explain to all senators:

(a) the need for a study on off-track betting,

(b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and

(c) the urgency at this time for such a study.

The comment I made previously was that I doubted very much, even if this matter were referred to the Legal and Constitutional Affairs Committee, or a subcommittee thereof, that we would have time to consider it before the coming election. I still feel that way, and even more so in light of the comments made by Senator Godfrey a few moments ago.

What struck me in the comments made by both Senator Sparrow and Senator Olson is that the government apparently has practically all of the data or information it needs on this question. I am left wondering whether the minister simply wants the Senate—because any report of a committee of the Senate on this subject would have to be accepted or rejected by the whole Senate—to tell him what to do, or whether he wants us to collect more information and more data. If he wants us to make a decision for him, I think it is entirely unfair. It seems to me that it would be a good thing for us to discuss this with the minister and ask him, "What exactly do you want us to do?" I agree that the Leader of the Government has probably expressed as well as he could the wishes of the minister. But he is not in the Department of Agriculture or the Department of Justice, and what the minister has in mind could probably be made clearer and more convincing if the minister were to appear before us and tell us exactly what he has in mind and what he wishes us to do. I doubt that we could accomplish much anyway before dissolution takes place.

• (2110)

I find that this amendment is a reasonable one, and, since the Leader of the Government is usually very flexible, I expect he will want to reconsider this matter and invite the Senate to support the amendment.

**Senator Grosart:** Honourable senators, I rise to support the position taken by Senator Flynn and to point out that this is a very unusual initiative on the part of the government. It may well be a very good one; but, on the other hand, it may be a very dangerous one. It may be a good one if it contemplates a new role for the Senate. It is not an entirely new role for the Senate, but it is certainly a new departure in government policy, namely, the reference to the Senate of a matter on which the government has doubts, in advance of announcing or deciding what its policy in regard to that matter may be. This may be an excellent new initiative, but, if so, I think Senator Sparrow has made a good point in saying that we should have the minister here. Our rules permit it—not necessarily in Committee of the Whole; as I have pointed out, the rule does not restrict his appearance here to a Committee of the Whole—but I think it would make a good deal of sense to have the minister come here and explain this new initiative, perhaps an exciting new initiative. It would be interesting to ask him if it is the government's intention to refer other matters to the Senate for pre-consideration to help the government make up its mind on policy. I say it may be a good thing. On the other hand, it may not. It may be giving any government, not necessarily this government, a rather unusual out to say, "Well, we cannot make up our minds on this matter—" and this is one where there has been public controversy for years—"instead of appointing a royal commission, we will refer this matter to the Senate."

Such a matter being referred to a royal commission, the assumption at least would be that the decision made by that body would be non-political and completely objective. The reason I see some danger in this is the possibility that the government would refer a policy decision to a body whose response might not be non-political. This is a matter which I think is worth further consideration.

It is for these reasons that I am not sure that this is a good thing or a bad thing. I would like to hear from this particular minister who, in the past, it has been said, has been one who has come out himself, on more than one occasion, for abolition of the Senate. Mr. Whelan has done that over and over again.

**Senator Perrault:** Saint Paul was converted on the road to Damascus.

**Senator Grosart:** I am delighted that this suggests a conversion, and that is one of the things I would like to find out.

**Senator Asselin:** He has changed his mind.

**Senator Grosart:** He is only one; he may have been a leader of a small band. I would like to find out if some of his followers have changed their minds as he has.

**Senator Perrault:** He may become one of the most zealous defenders of the Senate.

**Senator Marshall:** He might become a senator.

**Senator Grosart:** He might be more than a defender; he might be a great protagonist of the Senate; however, these are the kinds of questions that could be asked on this motion. The motion is that this matter be referred to the Senate and that it be referred to a Senate committee on the initiative of the government. Therefore, I completely support the suggestion made by Senator Sparrow on the very good arguments put forward by the Leader of the Opposition.

Surely this is one motion on which the Leader of the Government could reserve his decision for the moment, because on reflection I think he would agree that this is an occasion on which the Senate might learn a great deal about certain public attitudes towards the work of this chamber and its future.

**Senator van Roggen:** Honourable senators, before the question is put, I should like to express one or two comments on this subject. It seems to me that this is a very routine and straightforward motion. I am not referring, of course, to Senator Sparrow's motion in amendment, but to the original motion that a standing Senate committee conduct an examination into a given matter. This is the type of reference given to our committees time and again on a variety of subjects.

I suggest that it should be the committee's decision as to when, in the context of the evidence it is taking, it would call upon the minister to appear before it. I can see absolutely no reason whatsoever why a normal motion of referring something to a committee should not carry.

**Senator Grosart:** It is not a normal motion; it is a very abnormal motion.

**Senator van Roggen:** You and I disagree on that. The fact of the matter is that there is a motion here to have a committee study a matter. Such motions have been put a great many times before, and I would suggest that, in keeping with past practice, the normal thing would be to allow the committee to decide how and in what order it would call its witnesses, including the minister.

I certainly appreciate the enthusiasm with which my good friend Senator Grosart anticipates the fun that could be had in having the minister come before the Senate while the opposition could go on a fishing expedition in this particular connection, but I do not think that is a parliamentary reason for abandoning the normal procedures. I would therefore support the motion and oppose the proposed amendment.

**Senator Grosart:** As a matter of clarification, I might ask the honourable senator if he meant to impute a motive to the opposition, the motive being a fishing expedition?

**Senator van Roggen:** I can only say that I used those words as a description of what you suggested a moment ago. If they are not accurate in that respect, I will leave the record to speak for itself.

**Senator Flynn:** If we were to "land" the Minister of Agriculture, he would be a big fish.

**Senator Argue:** Honourable senators, I did not have the opportunity of being present last week when this interesting subject was up for debate. I noticed the various remarks made by honourable senators. For some senators it is a matter of conscience as to whether it is moral or immoral, and the Chairman of the Legal and Constitutional Affairs Committee said that he personally would not touch it with a ten-foot pole; that he would not chair a subcommittee.

● (2120)

What struck me was that so much preliminary thought had gone on regarding this question that it would seem that the whole procedure had been quite well refined before the Senate, as a body, started discussing the subject matter.

The Honourable Eugene Whelan, so far as I know, had no discussion with any senator about this proposition before he announced it to the press. I am not saying whether he did or did not, but it seems to me that it is a rather strange way to hand the Senate a duty—for a minister, when he meets the press, to say, "This is a difficult question. I pretty well had my mind made up a few weeks ago, but it is not made up now. It is a kind of hot potato, so let us hand it to the Senate."

I am not insulted as a senator. I am complimented, because I think the Senate can handle a lot of hot potatoes, and if we got the hot potatoes before the government started handling them, the government and the country would be in a whole lot less trouble.

Senator Perrault said there should be a committee of the Senate to discuss the whole question of the Constitution. That was before the Pepin-Robarts commission got under way. Certainly if anyone showed foresight, knowledge and wisdom in his remarks, it was Senator Perrault in saying that the Senate itself was in a far better position to inquire into the whole question of evolving a Constitution that would serve more effectively our purposes as a nation. So I am not at all unhappy that the Senate has been asked to do this, although I do question whether we should just rush in and say, "The minister announced to the press that maybe we should do it," and therefore we say, "If you want us to do the job, we are at the ready and we will go ahead."

In my opinion, the conversion of the Honourable Eugene Whelan from being an enemy of the Senate to being something of a supporter of the Senate is really amazing, and most important. As Chairman of the Standing Senate Committee on Agriculture, I can say we have found the Minister of Agriculture most cooperative in every respect. When we have brought a problem to him, he has been willing to consider it. He has appeared before our committee at various times and has been most constructive in his presentation, and, because of his attitude, has assisted the committee in its work. Together—the committee working independently and, at the same time, hearing the views of the minister—we have been able to accomplish a good deal in particular fields of agriculture.

In my opinion, we should seek the wishes of the Minister of Agriculture in this matter. I believe he should be invited, and we should hear what he has to say. If this is such an important question, a subcommittee of the Legal and Constitutional Affairs Committee should undertake to arrange that we hear the views of the minister. I am sure he would be delighted to come.

**An Hon. Senator:** Before what committee?

**Senator Argue:** Before a Committee of the Whole, before all the senators, because this is the main body. The committees, important as they are—and certainly the Legal and Constitutional Affairs Committee is one of the most important committees—

**Senator Asselin:** The most.

**Senator Argue:** I am corrected; it is the most important committee. Nevertheless, the Senate itself is superior to any committee of the Senate. I am sure the minister would like to come, and I would like to see him come.

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

• (2130)

**Senator Argue:** I am sure he has a great deal of information to give and it will help us in making a judgment. I can think of nothing better, in the interests of the Senate—from the standpoint of public relations and publicity, of goodwill across the country—to have the Minister of Agriculture put this proposition before the Senate, and to answer questions. We are dealing with a contentious subject, one fraught with diverse opinions—a subject which, together with the Chairman of the Legal and Constitutional Affairs Committee, I would much prefer not to touch—and I am sure that the information of the Minister of Agriculture would enable the Senate to reach a good and reasonable conclusion. The information that he is able to give the Senate as a whole would help both the Senate and the committee that will be dealing with this subject, should the motion pass. So I am happy to support the amendment to the motion, and, when that has been dealt with, I will be happy to support the motion.

**Senator Grosart:** And we will give him a great reception.

**Senator Riley:** Honourable senators, I shall not speak for too long. Senator Sparrow's amendment is one that is worthy of consideration. All he asks is that the Minister of Agriculture, who was a protagonist of the Senate, appear before a Committee of the Whole and tell us why he wants the Senate to study this particular question.

This is a question which is being seriously considered by organizers of fall fairs and exhibition associations across the country. Apparently he has a serious reason for asking the Senate to consider it. So what objection could he possibly have to coming before a Committee of the Whole and telling us why?

On January 31, as Senator Sparrow said, he was supposed to make a firm decision on whether or not to legalize off-track betting. He did not do it. He had sober second thoughts. That is probably one of the reasons why he should be in the Senate. We have every reason to believe that the Minister of Agriculture does not have very fond feelings for the Senate. So why not get to know him better. Bring him before a Committee of the Whole. Let him explain to us why he wants us to study the whole question of off-track betting.

As Senator Sparrow said, he, as well as other Ministers of Agriculture, has had the opportunity over a number of years to assess the whole situation. They have had briefs and representations from church groups, fall fairs, small fairs and large racetracks. Personally, I have no feeling one way or the other at present, but I would like to know—

**Senator Asselin:** Don't you gamble?

**Senator Riley:** Oh no, I don't gamble—only on five-cent slot machines in Las Vegas. We should have the opportunity to assess the whole situation, and as to whether or not we should study this.

**Senator Cook:** What is he going to do with the report, if he ever gets one?

**Senator Riley:** Senator Cook asks, "What is he going to do with the report, if he ever gets one?"

• (2140)

**Senator Grosart:** Give it to Joe Clark.

**Senator Riley:** What would he do with it? Or would he know? Have the minister come before a Committee of the Whole and explain the situation to us. If he does and justifies the suggestion that the Senate study this matter, then I will go along with it. But he should come before a Committee of the Whole.

**Senator Petten:** Honourable senators, I move the adjournment of the debate until the next sitting of the Senate. I think I should offer a word of explanation. Senator Sparrow is unavoidably absent tonight. I understand that he could not get away from his home to come here because of a snowstorm. We feel that in all fairness he should be here when this matter is finalized.

On motion of Senator Petten, debate adjourned.

## AGING

### DESIRABILITY OF ESTABLISHING GOVERNMENT DEPARTMENT—DEBATE CONTINUED

The Senate resumed from Tuesday, January 30, the debate on the inquiry of Senator Croll calling the attention of the Senate to the desirability of establishing a department of the Government of Canada to deal with all matters relating to aging.

**Hon. Jack Marshall:** Honourable senators, since Senator Croll was good enough to include my name in support of his notice of inquiry calling the attention of the Senate to the desirability of establishing a federal department of aging, I feel it my responsibility to make a few comments.

It should be obvious that with the conglomeration of departments already established in our government, we would be hard-pressed to convince the government that there is justification for the establishment of a separate department to deal with matters relating to aging, even though it might be desirable. I am sure Senator Croll would agree that the government's first reaction would be that our senior citizens are being well looked after by the Department of National Health and Welfare under our present minister. I am sure he would also agree that up to a point the government would be justified in its argument. I repeat, up to a point.

The honourable senator's notice of inquiry calls attention to the desirability of establishing a department of the Government of Canada to deal with all matters relating to aging. While I support the theory that more concentration of effort has to be directed towards the effects of aging on our citizens, whether or not the citizens referred to can best be benefited by

a new department leaves plenty of scope for debate. If one reflects for a moment on the wide spectrum of our citizens who may be the subject of our discussion, it is difficult to find a starting point, because the problem is so vast.

As we look at the problem of aging and the relationship of the responsibility of the government in that area, we naturally look towards the Department of Health and Welfare, which is now most directly responsible, and which now oversees the agencies responsible under its jurisdiction that now deal with the problem. I think it is worthwhile pointing out that just recently, as mentioned by Senator Croll, the minister announced the creation within the department of a Bureau on Aging, which evidently she feels would fill a void, to improve communications between Canada's senior citizens and, most important, the organizations working on their behalf, noting that the bureau would become the focal point within her department to identify and keep abreast of issues relating to aging and the aged, and would provide the communication link between the federal government, provincial governments and the organizations for the aged. It would also be the contact point for individuals and senior citizens' organizations.

Further, the creation of such a bureau was recommended by the Canadian Labour Congress, the National Pensioners and Senior Citizens Federation, and other organizations, as well as a number of provincial advisory councils.

I think it is worthwhile dwelling on the objectives of such a bureau as defined by the departmental agency under the Social Services Programs Branch. The bureau itself would be a very small organization unit, but would draw on expertise located in several branches of the department. The objectives of the bureau, as currently visualized, are to provide a national structure with which individuals and organizations may identify, and to which requests for information and other forms of assistance can be directed; further, to implement a liaison and clearinghouse function with other governmental and non-governmental organizations and representatives concerned with aging; also, to provide a means of identifying gaps in research, information, consultative and advisory services, so as to develop the most effective policies and to strengthen the department's ability to be of as much assistance to senior citizens as possible; to ensure the co-operation of the various elements of the department that are concerned with aging and with senior citizens in identifying the needs of older persons and to encourage the necessary research; and finally, to facilitate the development of policies, legislation and programs for elderly citizens.

Senator Croll made reference to this bureau in introducing his inquiry, but stated that his proposal would be more restrictive. He said:

> My proposal is that we need an agency just for the aged.

With the greatest of respect, it is my opinion that the problems with aging cannot be restricted only to the aged, because aging affects every stage of an individual's life.

[Senator Marshall.]

If I might revert for a moment to the objectives of the bureau, they keep referring to the needs of senior citizens and identifying the needs of older citizens. Again this emphasizes the true restrictive thinking, because the problems of aging with which we are faced at present, and to which Senator Croll addresses himself, are a culmination of the mistakes made in every facet of our lives from infancy through early childhood, through adolescence, through middle age and through advanced age. So we must look at a much wider spectrum of the factors surrounding the problem.

For example, we must look at the effects of aging as a result of our diverse climatic conditions, such as in the northern parts of the country; the effects of aging on the many thousands of our citizens living in isolated or remote areas of our country, who are denied the normal health care because of that isolation. We must look at the effects of aging in the shortening of the life span of the too many who are poverty stricken and who are denied the normal requirements of nutritional foods, the lack of which deters a full life expectancy.

Senator Croll referred to the fact that there was a separate Department of Veterans Affairs, which is concerned mainly with the veterans of Canada, a segment of our society to which he devoted exemplary service himself. I mention this department to try to emphasize the need for liaison, mentioned in the bureau's objectives, with that department and others. To my mind, that department has the highest expertise in the knowledge gathered over some 65 years of experience in witnessing the effects of aging on hundreds of thousands of our youth, who experienced the fear of battle, the shortening of their lives as a result of incarceration in prisoner-of-war camps, for example. I refer to these particularly to point out the lessons learned of the effects of malnutrition, the beatings they endured and other serious hardships, brought out in a government report commissioned by the Department of Veterans Affairs, the Herman report, which prompted just two years ago, so many years later, the government to support the need for financial assistance to those veterans.

Certainly this same department has learned many lessons when being directly involved with those of our veteran citizens whose aging process and life span were shortened as a result of the loss of limb, the loss of damage to body organs, the effects of which shortened their life span and caused pre-aging, which is also incidentally recognized by that department.

So, too, can we look at the effects of aging on so many of the wives of many of these same veterans, who for so many years had to be denied the enjoyment of life to which they were entitled because they had to devote their young and adult life to those veterans who did, and do still in too many cases, require constant care—those same wives, who will be left alone one day, to reflect only with the remembrance of suffering and to age before their time with a feeling of bitterness.

● (2150)

I apologize for probably spending too much time on this segment of society, but I do so because there is a relationship between them and other citizens who have suffered similar effects through loss of limb, disablement from birth and job

accidents. They have probably done so to a somewhat lesser degree, but certainly to a degree which requires our help. We can learn much in this respect not only through liaison with the devoted officials of the Department of Veterans Affairs, but also with the organizations for veterans, which can teach us a lesson or two about the effects of aging.

Another segment of our society that is neglected is that of the single parent. I am thinking particularly of the widow who must continue to exist after the death of her husband, more often than not at a level of poverty, faced as she is with the shock of adjusting to a new way of life under emotional stress, unable to cope with the budgetary burdens resulting from loss of income, along with many other factors that bring about deterioration of body and mind and which, in turn, result in deterioration of health and pre-aging. This places the burden of her continued well-being on the state, which unfortunately, until now, has not done a very good job of coping with the problem of the single parent and the widow.

I now turn to what I feel is the key to the prevention of problems of aging. I refer to the age at which life begins, namely, that of the infant.

The new Canadian infant citizen ages each day and goes through the stages of development of early childhood, adolescence and middle age to, finally, advanced age, which is the subject of our present discussion.

Senator Croll referred to the fact that for the last 20 years Canadian society has been struggling in a haphazard and unorganized fashion with the unprecedented increase in the numbers of young people in our population. I agree fully with him when he indicates that we have overlooked the fact that an ever-growing number of Canadians have been joining the ranks of the retired and semi-retired, and that we must begin to adjust our youth-oriented society in order better to meet the needs of our senior citizens and to plan for the time when our elderly can become a more dominant factor in our society.

To my mind, the best guarantee of a better adult life lies in the preparation we direct to the new-born, beginning with the ensuring of the health of the pregnant mother, and going on to ensure the proper development of the infant body through programs initiated by the appropriate department, the purpose of which should be provision to the infant of proper nutrition, a decent education, a decent and reasonable environment, and the highest quality of adult life.

These prerequisites are so fundamental that it should be impossible in our comparatively affluent society for thousands of Canadian mothers, unprepared in mind and body, to bear children, and for hundreds of thousands of our children to go to school lacking proper food, hungry and despondent, without the guidance and leadership of prepared parents and not knowing where to turn or how to cope with society. Yet our government and the many agencies responsible do not seem to be able to respond to these problems, though it would be so simple to initiate a school lunch program for undernourished children, for example. At the same time they can always find justification for dumping nutritional milk, valued at millions of dollars, that would help these children, or pass the responsibility to the provinces, which are just as apathetic about their responsibilities.

The government saw fit to establish a Ministry of State for Fitness and Amateur Sport, which has set up an abundance of programs designed to promote the fitness of all Canadians. It is interesting to read the recent pamphlet they have produced on programs for people, and their slogan:

> Participation in sports of physical recreation can enhance the quality of your life.

They prescribe Canadian home fitness tests, standardized tests for fitness, Canadian fitness award programs, exercise break packages, game plans, grants in aid for students, athletes' programs, national sport and recreation centres, and data based on sport. This department finds funding, despite restraints, to promote achievement of national recognition by, and the development of, a few who happen to exist in the affluent parts of our country, while too many of our youth remain underdeveloped because of the fact that they live outside the centre of society and are unable to take advantage of the too narrow efforts of government.

Certainly I can express my admiration for the Minister of State responsible for Fitness and Amateur Sport—and I am sure she is directing her activities, with a non-partisan conscience, towards the achievement of a better and fitter society—but I fail to appreciate her lack of attention towards the underprivileged parent and child, and the restricted direction of effort that seems designed to favour the capable rather than providing dedicated leadership for the majority of our youth, who are denied the opportunity to prove themselves by their endeavours, whatever these happen to be. There is a need for liaison between other departments of government also, as, for example, in the case of the Department of National Defence, and its youth programs that are provided in the context of the cadet services of Canada and the reserves.

The effects of aging also concern the Department of Labour and those who should be concerned with the effects of the environment on our citizens. Too many of our citizens have their life span shortened by diseases attributable to the effects on our environment of the exploitation of our natural resources.

Honourable senators, the scope of Senator Croll's inquiry reaches beyond the Bureau of Aging which the minister responsible feels should be sufficient. At each major stage in the development of our citizens' lives, new challenges and considerations occur. We must be aware of what to expect and how to cope with conditions as they exist and as they develop.

Throughout life many factors influence proper development, such as good health habits, which keep the body in optimum physical condition, and regular exercise and good nutrition, which develop and maintain a strong vigorous body and allow a normal aging process. A person can be well nourished and still not be properly fit, but a person can never be physically fit without being well nourished. As I myself enter the advanced

age phase of development, I have no quarrel with the thrust of Senator Croll's recommendations.

If, indeed, the government sees fit to assign areas of responsibility for our citizens, at whatever stage of development of their lives they may be, to the Departments of National Health and Welfare, Labour, National Defence, Consumer and Corporate Affairs, Indian Affairs and Northern Development, Fitness and Amateur Sport, and all the other agencies concerned, it certainly seems worthwhile to give consideration at the same time to the establishment of a coordinating department, which, under a minister, would direct attention to the important objective of producing citizens that will make for a better Canada. I have no hesitation in supporting Senator Croll's efforts, cognizant as I am of the need to eliminate the waste of effort and expense presently being indulged in by the various departments of government, which should be directed to the satisfaction of the needs of Canadian citizens created by the changing conditions in this country, both in the short and the long term.

On motion of Senator Petten, for Senator Deschatelets, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, February 14, 1979**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Superintendent of Insurance for Canada on Trust and Loan Companies for the year ended December 31, 1977, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

## NATIONAL ENERGY BOARD ACT

BILL TO AMEND—FIRST READING

**Senator Olson** presented Bill S-12, to amend the National Energy Board Act.

Bill read first time.

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

**Senator Olson** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## CANADIAN BROADCASTING CORPORATION

NATIONAL TELEVISION COVERAGE OF CANADA WINTER GAMES—QUESTION

**Senator Marshall:** Honourable senators, in view of the objectives of the Canada Winter Games, particularly those now taking place in Brandon, Manitoba, can the Leader of the Government explain how the Canadian Broadcasting Corporation, which is supposed to have a responsibility toward Canadians, can justify its devoting only six minutes to advertising the objectives of the Canada Games across this great country of ours?

● (1410)

**Senator Perrault:** Honourable senators, I, too, have been rather mystified by the apparent lack of national television coverage of this event. I can provide no ready explanation at this time. May I suggest that honourable senators who are concerned about the matter should write to the President of the CBC, Mr. Al Johnson, with appropriate inquiries. Certainly information will be sought by my office on the point.

I think all Canadians are most impressed with the marvellous job done by the people of Brandon, Manitoba, to host these games, and Newfoundlanders were magnificent hosts for the summer games last year. These events should certainly be given the kind of attention they deserve by our nationally tax-supported broadcast system.

**Senator Marshall:** Honourable senators, I am thinking particularly of the people of Newfoundland. Regardless of the time difference, Newfoundlanders would like to be able to watch their athletes who are performing in the games that are now taking place in the great province of Manitoba.

The leader indicated that honourable senators should write to the President of the CBC, Mr. Al Johnson. That would be a waste of words and a waste of paper, though I have naturally taken the matter up with the CBC already, that being my job. I think, however, that the Senate and the leader should bring the matter to the attention of the CBC and the Secretary of State of Canada. I hope we have the unanimous consent of the Senate to do just that.

**Senator Perrault:** That will be done this afternoon.

## AIR CANADA

STATEMENT OF PRESIDENT REGARDING SALE TO PRIVATE INTERESTS—QUESTION

**Senator Marchand:** Honourable senators, may I ask the Leader of the Government if he has had an opportunity to talk to the Minister of Transport about the remarks of the President of Air Canada to the effect that the part of that corporation which is profitable could be sold to private interests, probably the suggestion being that the less profitable part be kept by the government so that it can be said in the future that the government cannot administer its crown corporations properly.

**Senator Perrault:** Honourable senators, the circumstances of the situation which prompted these alleged statements by Mr. Taylor, and the contents of such statements, if in fact they were made, call for an explanation from the Minister of Transport. I hope to bring that explanation to the Senate at the earliest opportunity.

## HEALTH AND WELFARE

COMPATIBILITY OF NEW HOSPITAL CHARGES IN ONTARIO WITH FEDERAL LEGISLATION—QUESTION

**Senator Haidasz:** Honourable senators, I should like to ask the Leader of the Government whether he would, now or in the near future, assure this house that the new charges and user fees for hospitalized patients announced by the Ontario Minister of Health are compatible with the program conditions of the federal legislation known as the Hospital and Diagnostic Services Act.

Would the leader also assure us that the new charges do not impede or preclude reasonable access to insured services, and in particular that insured services will be made available upon uniform terms and conditions for the people of Ontario, since these charges appear to be exorbitant and a cause of hardship to many sick people?

**Senator Perrault:** Honourable senators, the question will be taken as notice.

## ENERGY

SUPPLY OF CRUDE OIL TO IMPERIAL OIL REFINERIES IN CANADA—QUESTION

**Senator Smith (Colchester):** Honourable senators, could the Leader of the Government inform the Senate whether it is true that the parent company of Imperial Oil Limited has either announced that it is about to cut, or has in fact cut, the supply of crude oil to the Imperial Oil refineries in Canada, and particularly to the company's refinery in Dartmouth, Nova Scotia?

**Senator Perrault:** Honourable senators, I have no information on this matter, I regret to say. I will send a message to my office immediately to see if we can have some late information from the Honourable Alastair Gillespie.

**Senator Smith (Colchester):** Honourable senators, I have an important supplementary question. If it turns out that the supply of crude oil is being reduced, by what percentage is it being reduced and how will that percentage reduction affect the percentage reduction in the refined material produced by the refineries?

**Senator Perrault:** That further inquiry will be forwarded to the offices of the minister responsible for energy supplies. At the same time, I would request some detailed information in writing from the honourable senator, for I may have missed something in his earlier question.

**Senator Smith (Colchester):** Yes, certainly.

## THE ECONOMY

INCREASE IN FOOD PRICES—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government. In view of the persistent reports that there is going to be an increase in the price of food, ranging between 12 and 15 per cent, can the leader inform this house whether these figures tally with government estimates, and, if so, what measures is the government prepared to take in order to alleviate and minimize such an increase?

**Senator Perrault:** First of all, honourable senators, there is a disagreement with respect to the accuracy of certain figures relating to price increases in food. Without any question, however, food prices are rising at a troubling rate, together with costs and prices in other areas of the economy. I assure honourable senators that the government is most concerned about the impact of increased food prices in this country, and that active steps are being considered to help Canadian consumers to meet the problem.



## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

NATURAL RESOURCES REVENUE—QUESTION

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government when we can expect a reply to his undertaking to bring to this chamber a report from the Conference of First Ministers. I am particularly interested in that portion dealing with natural resources revenue and the management of those resources. The information that we have to date on the government's position is only fragmentary. I would hope that this report would bring out a full and detailed explanation of the government's position with respect to natural resources.

**Senator Perrault:** Honourable senators, when the question was first asked in the chamber, an inquiry went forth immediately and the response came back rather quickly—in fact, rather too quickly, I think, because it was in fragmentary form, incomplete and not the kind of response that I, as Leader of the Government in this chamber, wished to bring to honourable senators. I have asked for a fuller, more detailed reply, and I hope it will be available soon.

**Senator Olson:** Might we have an indication of when it may be available? Are there any documents now in the hands of the Federal-Provincial Relations Office setting out the federal government's position respecting this matter?

**Senator Perrault:** Honourable senators, I can only say that I do not think it is going to be a matter of days. Hopefully we will have something on the subject tomorrow. Certainly the appropriate sources are being pressed for an early reply. It is an important question and should not be answered in an incomplete form.

## ENERGY

EXTENSION OF GAS PIPELINE FROM MONTREAL TO POINTS EAST—QUESTION

**Senator Roblin:** Honourable senators, following the line of questioning with respect to energy in Atlantic Canada, I wonder if the Honourable Leader of the Government would give us a statement of the government's policy with respect to the extension of the gas pipeline from Montreal to points east. This question has been under discussion for the last little while, and it would be interesting to know if a policy decision has been arrived at.

**Senator Perrault:** Honourable senators, I must take that question as notice.

## THE ECONOMY

INCREASE IN FOOD PRICES—QUESTION

**Senator Roblin:** Honourable senators, may I follow up on a question raised a few minutes ago concerning the price of food? The Leader of the Government said that "active measures" were being considered. I think that is the phrase he used. Could he tell us what he had in mind when he used the words "active measures"?

**Senator Perrault:** Honourable senators, clearly it is not for me to announce the specifics of a program that may be initiated to assist the consumers of this country in their battle against the rising food dollar, but I want honourable senators to know that, together with other responsible political parties in this country, the party of which I am a member is concerned about this problem.

A number of accusations have been made about inordinate profits. The truth of these allegations has yet to be established. There are possible measures which can be taken to make consumers more aware of food values that exist in the marketplace. Measures are under discussion, and the specifics of these measures must be announced by another member of the ministry.

## LOUIS RIEL

POSTHUMOUS PARDON—QUESTION

[*Translation*]

**Senator Guay:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate: Is the government or some other authority considering the possibility of rehabilitation of Louis Riel, although posthumously?

● (1420)

[*English*]

**Senator Perrault:** Honourable senators, a number of recommendations and representations have been received over a period of many years with respect to a posthumous pardon for Louis Riel, and the government has an active file on the matter. The question is under review, together with other matters of this kind.

**Senator Marchand:** Is the Honourable Senator Maurice Riel a relative of Louis Riel?

[*Translation*]

**Senator Riel:** Honourable senators, I will reply to Senator Marchand that we do have with Louis Riel some rather remote but real family ties, since we have a common ancestor who arrived in this country and settled in Lanoraie, near Montreal, in Quebec. Moreover, we are not sure but we think he had an Irish name; perhaps he was called Riley. However, as usual in Quebec common sense prevailed and we are now called Riel.

As for Louis Riel, I strongly support that request but I wonder if it is absolutely necessary. I would like to make a review of pardons granted in the past. The posthumous legislation passed to grant to Louis Riel the title he is now given, Founder of the West, has nothing to do with a condemnation which is rather meaningless in history.

However, it did alienate the province of Quebec. It was one of the serious crises, perhaps as serious as or even more so than the one which we are now experiencing. If the French Canadians between 1885 and 1890—because there were other events in 1890, as it was the year when the French language was abolished in Manitoba—if from 1890 to 1900 the French Canadians in Quebec emigrated to the United States at an annual rate of 100,000, that is one million in ten years, they did not settle in western Canada. No need to look for the true reasons which prevented French Canadians in Quebec from going west at that time. It was not a very hospitable and friendly land for Quebecers. There was more hospitality in New England and in the United States.

Does that answer your question, Senator Marchand?

[*English*]

## CANADIAN BROADCASTING CORPORATION

BUDGET FOR THE *OMBUDSMAN* PROGRAM—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 20—**By Senator Marshall:**

1. What is the budget for the CBC program entitled: *Ombudsman*?

2. How many employees are engaged in the production of the program?

3. How many cases have been dealt with by *Ombudsman* since its inception?

4. How many have been resolved in favour of the applicant?

*Reply by the Secretary of State of Canada:*

I am informed by the Canadian Broadcasting Corporation as follows:

1. It has not been customary to require the CBC to provide such details of its internal management and administration as the budgets of its programs. The background to this custom is explained in detail in the reply to Senator Norrie's question of December 16, 1976 (see Senate Debates, March 8, 1977, page 466).

2. 21.

3. Approximately 12,000 cases have been dealt with or are in the process of being dealt with. Of these, 233 cases have been the subject of telecasts.

4. Cases submitted to "Ombudsman" are dealt with in one of two ways. From the outset it was felt that "Ombudsman" could not offer to help people who wrote and then help only those whose cases were chosen for television, discarding the rest. "Ombudsman" has, therefore, been a television program, telecast from October to April, as well as a service carried on throughout the year.

All mail is acknowledged and all cases are logged and filed under a numerical-alphabetical system. Help is provided by referring the complaint to an agency competent to handle the complaint, by clarifying the complainant's rights, by speeding up the government process, or by sometimes leading to a reversal of an official decision. Because of the nature of help provided, no count can be made of cases which have been resolved in favour of the applicant.

## OFF-TRACK BETTING

### LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

On the Order:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of legalized off-track betting in Canada and any matter relating thereto, and, in particular,

(a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from parimutuel betting;

(b) the concept, structure and effectiveness of a so-called "home marketing area", for each track, with particular reference to equitability and enforceability;

(c) the legislative and regulatory framework in which such a system would be best implemented; and

(*d*) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination, and

On the motion in amendment thereto of the Honourable Senator Sparrow, seconded by the Honourable Senator Cook, that the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in a Committee of the Whole, to explain to all senators

(a) the need for a study on off-track betting,

(b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and

(c) the urgency at this time for such a study.—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, when I moved the adjournment of this matter last evening I mentioned the unavoidable absence of our colleague Senator Sparrow. After the sitting I telephoned Senator Sparrow and told him what had happened. He appreciated what we had done and was agreeable to having the matter proceed, as he was unable to attend due to weather conditions.

[Senator Marshall.]

**Senator Langlois:** Honourable senators, I wish to make a few brief comments about the amendment to the main motion. I think it is appropriate to read the wording of the motion in amendment:

That the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in a Committee of the Whole, to explain to all senators

(a) the need for a study on off-track betting,

(b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and

(c) the urgency at this time for such a study.

Apparently, the wording of this amendment left some honourable senators under the impression that the Minister of Agriculture was the only person responsible for referring this matter to the Senate. There is nothing further from the truth than that. This reference was made to the Senate at the request of the full cabinet. I do not wish to divulge any cabinet secrets, but I have no doubt that this was possibly referred to the Senate on the recommendation of the Minister of Agriculture supported by the Leader of the Government in the Senate, who is also a member of the cabinet. This was not referred, or even suggested, to the Senate by the Minister of Agriculture.

**Senator Phillips:** You are really not improving anything.

**Senator Langlois:** If you listen, perhaps you will have an opportunity of understanding something.

This motion calls for the Minister of Agriculture to be invited to appear before the committee to explain the need for a study on off-track betting; to state what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada; and to explain the urgency at this time for such a study. This information could be obtained by the Committee on Legal and Constitutional Affairs under the main motion. The Minister of Agriculture and his officials will, no doubt, be invited to appear before that committee to provide whatever information they can so that the committee may reach a final decision on the matter.

I would say that the substance of this motion in amendment is not very impressive and, to a degree, one could even say that it is entirely futile because it seeks to do what will be accomplished by the Senate committee acting under the terms of reference contained in the main motion. This having been said, I will close my remarks by saying that I oppose this amendment because of its futility.

**The Hon. the Speaker:** It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the feasibility of implementing a system of

legalized off-track betting in Canada and any matter relating thereto, and, in particular,

(a) the economic effect such a system would have on the horse racing industry and on the distribution of industry revenues, particularly the revenues from pari-mutuel betting;

(b) the concept, structure and effectiveness of a so-called "home marketing area" for each track, with particular reference to equitability and enforceability;

(c) the legislative and regulatory framework in which such a system would be best implemented; and

(d) the effect of such a system on society, its potential as a marketing tool of the industry and whether it would result in a reduction of illegal betting; and

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

In amendment, it is moved by the Honourable Senator Sparrow, seconded by the Honourable Senator Cook:

That the motion be not now adopted but that the Minister of Agriculture be asked to appear before the Senate, meeting in this chamber in a Committee of the Whole, to explain to all senators

(a) the need for a study on off-track betting,

(b) what information, if any, he or his department is lacking in order to decide whether it would be feasible to implement a system of legalized off-track betting in Canada, and

(c) the urgency at this time for such a study.

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

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators who are in favour of the motion in amendment please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion in amendment please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "nays" have it. I declare the motion in amendment defeated.

Shall the main motion carry?

**Hon. Senators:** Agreed.

Motion agreed to.

● (1430)

## NORTHERN PIPELINE

FIRST REPORT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the consideration of the First Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I adjourned the debate on this matter on the understanding that others wished to participate in the debate. Now that there is a bill before us dealing with this subject, it is my opinion that this order could be considered as having been debated.

**The Hon. the Speaker:** As no other senator wishes to participate, this order is considered as having been debated.

## NORTH ATLANTIC ASSEMBLY

TWENTY-FOURTH ANNUAL SESSION, LISBON, PORTUGAL—DEBATE ADJOURNED

**Hon. A. Hamilton McDonald** rose pursuant to notice:

That he will call the attention of the Senate to the Twenty-fourth Annual Session of the North Atlantic Assembly, held in Lisbon, Portugal, from 25th to 30th November, 1978, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, I should like to take this opportunity to thank all those members of this chamber and those of the other place who supported me in my quest for the chairmanship of the NATO Parliamentary Association last November. I appreciated their support then, and I continue to appreciate it. It has brought both honour and challenge to myself.

**Senator Langlois:** And to the Senate.

**Senator McDonald:** I hope I will prove to be worthy of the challenge.

We have recently returned from the Twenty-fourth Annual Session of the North Atlantic Assembly, held in Lisbon, Portugal, from November 25 to 30 last. I want to take this opportunity, on behalf of the Canadian delegation, to thank the Government of Portugal for the facilities that were made available for both our plenary sessions and our committee meetings. I also want to thank the people of Portugal for the hospitality extended to the delegates of the 15 member nations on that occasion.

As all honourable senators are aware, Portugal is going through some very difficult and troubled times. It is a young democratic nation endeavouring to build on the fragile democracy that exists at the moment. It is undoubtedly one of the poorest nations in Europe and, as such, needs our help and understanding.

Some member nations of NATO are already giving assistance to Portugal. Three that come immediately to mind are the United States, the United Kingdom and Germany. Portugal needs our help as well, and it is my hope that the Canadian government and the Canadian people will see fit to lend a hand to this struggling nation in the hope that its people will be able to strengthen their democracy and play an even more important role in the concerns of the Western World in future years than they have in the past.

The Canadian delegation that proceeded to Portugal consisted of 18 delegates and two staff members. Our staff

members were Peter Dobell and Colonel Bowie, both of whose names, I am sure, are familiar to all honourable senators. The 18 delegates were made up of 14 members of the House of Commons and four members of the Senate. My colleagues from the Senate were Senators Marchand, Walker and Yuzyk and I take this opportunity to express my thanks and appreciation for their participation in the committee and plenary meetings held in Lisbon.

I also want to mention some of the delegates from the House of Commons, and thank them for their participation in the meetings.

As honourable senators are aware, there are five standing committees under the rules of the North Atlantic Assembly. The Economic Committee was headed by Ursula Appolloni. My thanks must go to her for representing the point of view of the Canadian delegation on that committee.

The Education, Cultural Affairs and Information Committee was headed by Ralph Stewart, and he not only headed the Canadian delegation to that committee, but he is the North Atlantic Assembly chairman of the committee.

Senator Yuzyk is rapporteur of a Subcommittee on the Free Flow of Information and People, and he is also on the Education and Cultural Affairs Committee. My thanks and appreciation go to Senator Yuzyk also.

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

**Senator McDonald:** The Political Committee was headed by the Honourable George Hees who has performed this function on many previous occasions, and George has always done a fine job on behalf of Canada. We were pleased to see him in that position again this year. My thanks also go to him.

Ian Watson headed our group in the Science and Technology Committee, and he is also rapporteur of that committee. Ian, I think, has probably brought more new and fresh ideas to the Science and Technology Committee than any delegate from any other country, and our thanks must go to him.

I was hoping that my colleague Senator Marchand would be with us at this time, because I want to tell you of a happening while we were in Lisbon when some of the European delegates were discussing trade unions in their own countries. Jean Marchand is fairly knowledgeable, as we all know, with respect to the labour movement in Canada, and he is also very knowledgeable with respect to labour unions around the world. It was interesting to watch him set some of the delegates from European countries straight with respect to the activities of labour unions in their own countries.

I had the privilege of serving on the Military Committee, and I am, in fact, rapporteur of its Subcommittee on Defence Co-operation.

I would also like to mention the fact that Peter Bawden, M.P., was with the delegation. He had not been selected by his party as one of the delegates because they have a rotating system, as have other parties, for choosing their delegates. But Peter Bawden on many occasions, including this November visit to Portugal, has paid his own way and attended our committee and assembly meetings and has played a very worthwhile role in our activities over the past number of years. I think all of us must appreciate the fact that there is a member of Parliament who is prepared to pay his own way to represent his country at conferences held abroad.



I would like now to turn to a short presentation with respect to military matters, and I do so not because of a lack of interest in the other four committees. I realize that if the member nations of NATO do not have strong economies we are not going to have a very representative military force, and that if educational and cultural affairs are not high on the agendas of all our member nations we are going to suffer militarily. The same thing can be said with respect to the Science and Technology Committee and the Political Committee. Every military move has a political connotation, and I suggest that every political move also has a military connotation, but I turn to military matters because those are the ones I think I know a little more about than I do the subjects dealt with by the other standing committees.

I think I can say without fear of contradiction from knowledgeable people that NATO today faces the greatest military threat in its history. That threat is real, and it is expanding year by year in both conventional and nuclear terms. When I speak about nuclear terms, I mean not only strategic nuclear weaponry, but tactical nuclear weaponry as well.

● (1440)

Perhaps this is the time when we should all pause to review the progress NATO has made since it came into existence some 30 years ago. You will recall that NATO was formed and brought into being in order to stop the spread of the Soviet Union and communism across eastern Europe progressing ever westward. During the period from 1949 to 1967, NATO had what was referred to as a "trip-wire response." In 1949 the United States of America had almost a monopoly in strategic nuclear weaponry, and a trip-wire response simply meant that troops of the NATO members were stationed in Europe, in Germany, in the hope that they could blunt a Soviet conventional attack, but, if that attack should succeed to the point where it tripped the wire—the trip-wire response—then we would have a world nuclear holocaust. But the strategy was successful, simply because of the overwhelming superiority of the United States strategic nuclear capability.

By 1967 the Soviet Union had built up its strategic nuclear force to the point where it was virtually in balance with that of the United States. So that strategy would no longer work because there were virtually equally balanced forces between the Soviet Union and the United States in strategic nuclear weaponry.

In 1967, therefore, the strategy was changed from that of a trip-wire response to that of a flexible response, because in that period from 1949 to 1967, when the Soviet Union was building up to parity in strategic weaponry, the United States gained superiority in tactical nuclear weaponry—battlefield weaponry, not intercontinental weaponry.

This new response was called a flexible response, which meant that if the Soviet Union and her satellites, the Warsaw

Pact nations, were to invade Europe, then there would be a flexible response, first using conventional weaponry and, if that failed, then using tactical nuclear weaponry, and, if that failed, moving to strategic nuclear weaponry. That was a step forward. Again it was successful for that period from 1967 to 1973.

By 1973 the Soviet Union had reached parity in tactical nuclear weaponry. Not only had the Russians become comparable in strength in tactical nuclear weaponry but they had commenced the most fantastic buildup of conventional weaponry that the world has ever known. So the strategy of NATO changed again in 1973 from that of a flexible response to a forward conventional defence. In other words, troops that had been stationed further from the West German-East German border, deeper west in the Netherlands, Belgium and France, were moved forward virtually up to the front line, the strategy being that with our forces forward, virtually on the front line, the chances of blunting an attack from the Soviet Union and her allies with conventional weaponry were much greater than if those troops remained back on the soil of their own countries. This strategy has proved to be successful to date.

On previous occasions I have placed on the record the imbalance of conventional forces as between the Soviet Union and the Warsaw Pact nations on the one hand, and NATO on the other. Today I will do no more than refresh your memories of some of the figures already on record.

The Warsaw Pact nations have about 300,000 more troops on the front line than NATO members do. You will recall that a year ago I told you the Warsaw Pact nations had about 20,000 tanks on the front line or immediately in reserve. Today the Soviet Union have 42,000 tanks, 30,000 of them either on or immediately behind the western front. Let me remind you of the situation in 1940 when Adolph Hitler struck out for the channel. Do you know how many tanks he had? He had 400. But the Soviet Union today has 30,000 tanks in a similar position. We have about nine.

**Senator Grosart:** Nine thousand?

**Senator McDonald:** Nine thousand, yes. I hope.

**Senator Perrault:** What army are you talking about, Senator Grosart?

**Senator McDonald:** The same disparity exists with respect to heavy and light artillery and rockets, and with respect to aircraft and to the navy.

The Russians, from the date of the Cuban crisis when they had nothing more than a coastal navy, have built the largest navy in the world. Today it has a presence in every ocean of the world, and it simultaneously holds exercises in every ocean of the world.

To put it another way, the Russians learned many things between 1965 and 1978 apart from how to play hockey. In 1965 there was a tank ratio of two to one in favour of the Soviet Union. Today it is three to one. In 1965 there was a ratio of 1.5 to 1 in favour of the Soviet Union in respect of artillery—heavy, light and rocket. Today that ratio is two to one. The ratio for armoured personnel carriers in 1965 was about one to one; today it is 1.2 to 1.

Not only have they improved in numbers, but the sophistication of their weaponry is superior to anything the world has ever known.

In 1965 their tanks were inferior to ours. Today they are superior. The T-80, which is being produced today by the Soviet Union, will be the equivalent of the Leopard Mark II, which is not yet in production, and the XM-I built in the United States and which is also not yet in production.

Their artillery in 1965 was considered to be equal to that of the west. Today it is superior. Their armoured personnel carriers were inferior in 1965. Today they are superior. Their aircraft were considered to be inferior in 1965. They are now equal, if not superior, to any in the west. Their tactical aircraft were inferior in 1965, and today they are at least equal to those of the west.

● (1450)

These are worrisome facts, but another matter which we must look at should cause us even greater concern. I refer to the productivity of the Soviet Union and its ability to research and develop, to manufacture, and put in place modern armaments.

In 1979 the Soviet Union will have the capacity to produce 3,000 tanks, either T-72s or T-80s. They will produce this year 1,000 fighters, including four new ones with a capability to look down on, and shoot down, new technology. They will produce this year 300 missiles, most of which will have the capability of the SS-20 or the SS-22.

I would remind honourable senators that in the arsenals of NATO we have no answer to the SS-20 or the SS-22, and I shall refer to that later when I say a few words about SALT. Most of those 300 missiles will be MIRVs. What does MIRV mean? It means that they have multiple re-entry vehicles. Launch one rocket, and when it gets into the atmosphere out pop 10 rockets, and they hit 10 targets at once. They will produce 300 of those this year.

They will produce 1,000 intercontinental ballistic missiles this year, including four new missiles. We have no idea what the Soviet Union is spending on research and development for armament purposes, but, from the list of figures that I have read out, it is obvious that it is a tremendous amount. We do know what they are spending on one program. In this year, 1979, they will spend the equivalent of $1 billion U.S. on research into and development of high energy lasers—and I will refer to lasers a little later on in my remarks.

The defence budgets of the Soviet Union and her allies in the Warsaw Pact are about the equivalent of the defence budgets of the member countries of NATO. But they spend a far greater percentage of their gross national product on defence than any other nation in the world. This year it is estimated they will be spending between 13 per cent and 14 per cent of their gross national product on defence. This has been rising by about 4 to 5 per cent annually over the last several years. We should remember those figures—there is an

annual increase of from 4 per cent to 5 per cent, and from 13 per cent to 14 per cent of their gross national product is now spent on defence.

What do we spend in Canada? I am almost ashamed to tell you. The figure is 1.8 per cent. In the percentage of our gross national product spent on defence, we are the second lowest of any member of NATO. That is not good enough.

**Senator Bosa:** Which country is the lowest?

**Senator McDonald:** In NATO? The United States spends 6 per cent; the United Kingdom, 5 per cent; France, 3.6 per cent; Germany, 3.4 per cent; and Belgium, 3.4 per cent.

Not only is our expenditure on national defence out of line with that of a potential aggressor, but it is unbalanced. We do not get value for the money that we do spend. In the committee to which I referred—the Subcommittee on Defence Co-operation, a Subcommittee of the Standing Committee on Defence, of which I am rapporteur—those are some of the problems with which we are trying to cope, namely, the extravagance and waste of the money that we now spend on defence and defence-related matters.

For instance, in 1979 the United States will spend approximately $13 billion on research and development in the armaments industry. The European member countries of NATO altogether will spend about $5 billion. That would give us, if it were properly administered, a total R & D budget of $18 billion, which is sufficient to do the job if we received value for dollars spent. But it is estimated that $4 billion of the $5 billion will be spent by European countries on research that will be duplicated in the United States. So we are left with a true expenditure of $14 billion instead of $18 billion.

Let me give some examples of how this money is wasted. I am sure that most honourable senators are aware of two missile systems that are used by NATO today. I believe that virtually all member countries of NATO use them. I refer to the Sparrow, which is a medium-range missile, and the Sidewinder, which is a short-range missile. Both of those missiles need to be updated. We do not believe it is necessary to spend all of the R & D money on developing a new missile. It is too expensive and takes too much time. If one were going to develop a new missile from scratch—if past experience is any evidence on which to base future experience—it means that from the day one makes the decision until the day the missile is deployed in the field 13 years will have passed. We do not have that amount of time, and it is too expensive, anyway.

What we need to do, I repeat, is to update the Sparrow and the Sidewinder. The R & D associated with the updating of any one of them would cost approximately half a billion dollars. But at this very moment the United States is engaging in research and development to update both of them. So is France, so is the United Kingdom, and so is Germany. They are all spending R & D money to develop a replacement or an updated Sparrow and Sidewinder.

We propose that the United States should be responsible for the R & D of the medium-range missile, and that European nations should be responsible for the R & D of the Sidewinder, the short-range missile. Once that improved missile is ready for production, the technology should be shared between North America and Europe, and production should take place on both sides of the Atlantic. This, to us, makes sense, and it would mean co-operation among nations. It would mean a true two-way street, both in R & D and in production.

As a matter of fact, we need co-operative programs in virtually every area of defence production. The areas in which the technology of the United States is much higher than that of Europe should be left entirely to the United States. But where the technology on both sides of the Atlantic is equal—we believe there are areas where this is so—then the countries should develop that weaponry in co-operation with each other, the technology should be swapped, and the manufacture of the weaponry should take place on both continents.

This can be said with respect to many weapons. For instance, an argument that has gone on for far too long with respect to a new tank gun has finally been solved, and a new 120-millimetre smooth bore gun will be used by both the United States and Germany.

● (1500)

The two other missiles that are outdated—and they are outdated simply because they do not have the power to penetrate the armament of either a T-72 or a T-80 tank—are the TOW and the Hawk. Again we believe that these weapons should be remodelled in preference to developing new ones.

Here is another example of what has happened, and I am not knowledgeable enough on the subject to know whether it was the right move or not. You will recall that not too long ago President Carter of the United States scrapped the American program on the B-1 bomber. Why did he scrap it? The B-1 bomber was going to be a very expensive project. As a matter of fact, in order to build 200 B-1 bombers, and to carry that cost from research and development through the production of the 200 planes, would cost $25 billion. That is $125 million per aircraft. The reason for that tremendous cost was the necessity of building into the aircraft the capability to cope with modern electronic ground-to-air missiles capable of destroying that aircraft. President Carter said, "No." Again I do not know whether he was right or wrong, but people will no doubt argue both sides of the question. President Carter then asked, "Why do we not update the old B-52 bomber, and why do we not put the cruise missile on it so that we do not have to fly over the target and attack it? All we have to do is fly up to within four or five thousand kilometres of it, launch the cruise missile and go home." So this is what is being done.

The technology that is available today does not necessarily mean that it can only be used in new weaponry. It can be used to update an awful lot of weaponry that is already in existence, and my belief is that the only way that we can cope with our friends in the Soviet Union is to remodel, restructure and update a lot of the equipment that we already own.

Another example of what can be done with the present equipment is the 155-millimetre gun which is used by most armies in western Europe. This gun is now used as a mine

layer. It is also used as an anti-tank gun and as an artillery piece. One might ask, "How do you lay mines with a 155-millimetre artillery piece?" Well, mines are no longer large round things, they no longer weigh from 30 to 50 pounds, and the sappers no longer have to go out and dig a hole in the ground, put them in and cover them up. Today they weigh 1.3 pounds. You load them inside a 155-millimetre shell, and place them exactly where you want them by the use of a copperhead on the shell.

The only person who has to go forward is one trooper with the equipment to lay a laser where he wants the mines. You then fire the gun, the shell homes in on the laser and deposits the mines exactly where you want them. The mines are 90 per cent accurate in the destruction of a T-72 tank.

I was going to describe what happens if you step on one, but of course, you do not step on them. In years gone by if you stepped on a mine it blew your leg off. Now they do not go off in the ground. They have trip wires all over the place like spider webs, and if you trip the wire, the mine flips up in the air four or five feet and goes off. These weapons are unthinkable, but they are there today. It is only such advanced technology that enables us to produce superior weaponry, so that we can meet the threat from the Soviet Union and her allies.

We talk about the cost of modern weaponry. How can we use a modern tank to do a job that can be done with an artillery piece? A modern tank costs about $1 million. I am not sure what a copperhead missile costs, but it would be many times less than that.

How can you use aircraft against tanks today? Our aircraft cost something between $12 million and $25 million apiece. What we have to develop is weaponry with an accuracy that enables us to shoot something, rather than shoot at it. That capability exists today. Out of 100 rounds fired there are 90, or 95, or even 99 hits. There is no such thing any more as ranging. If you have a laser hooked on to that desk there, you will hit the desk from 15 miles away. This is the kind of world in which we live, and this is why I say, and repeat, that I believe we ought to be spending more than 1.8 per cent of our gross national product on defence—not in order to win a war, but to prevent our having to fight one. Of course, if we do have to fight a war then, yes, we have to win it.

I want to say a few words about what is happening in our own armed forces, and about some of the purchases we have made. I want it clearly understood at the outset that I do not make these remarks with any criticism in mind. I make them because I do not know the answers to the problems, and, of course, we have no facilities in this chamber for getting answers. You will recall that recently Canada purchased 128 new Leopard C-1 tanks. Some of these are now stationed in Europe, and others in Canada, where they are used for training purposes.

My major concern is those that are in Europe. When we were buying new tanks—and I am simply asking a question—why did we not complete the purchase and buy some ground-to-air defence for those tanks? If my information is correct, we literally have no ground-to-air defence for them. The purchase of those tanks, in my view, was far too big an investment to make without at the same time investing in protecting them from the air. Again, I do not know the answer to this question.

We are now in the process of trying to decide what kind of aircraft we are going to buy to replace the Voodoo 101 and the F-104. Some of these aircraft will be based in Europe, and, again, the airfield from which those new fighters will fly has virtually the same air defence system as existed in 1944. I suggest that it is worthless. It is true that we have miles of reinforced concrete for the aircraft to take off from and land on, and that we have huge reinforced concrete hangars to park them in. But what protection have they got when they are coming in to land, while they are landing, while they are taxiing over to a hangar for shelter, and when they leave the hangar to take off again? They have none.

I suppose they have, at least, the Bofors gun. Well, Bofors guns have had their day. In my view, we should have bought the Gepard system from Crous-Maffi, both to protect our tanks, which are made by Crous-Maffi as well, and to protect our aerodromes. This is a mobile air-to-ground defence system. We do not have it.

• (1510)

Another problem we have with our fighters in Europe is to keep the runways serviceable. In my day if somebody bombed the runway, they would blow a hole in it about the size of my office—and my office is not very big. Nowadays, if they blow a hole in a runway, it will be at least as big as this building, and it could be as big as Parliament Hill. We have 37 aerodromes at our disposal in Europe. When I say "we", I mean NATO.

I was talking about the SS-20 a few minutes ago. You fire one rocket off, and 10 projectiles come out of it, and 10 aerodromes are out of use. If you fire four rockets, then 37 aerodromes are out of use. We have no facility for patching the runways—no equipment; no trained men; nothing. If we are going to spend $2.3 billion on airplanes, surely to goodness it makes sense to give them some ground-to-air defence. Give them something to fly from, and some means of keeping the runways serviceable. Again I am asking questions. Perhaps there are answers to those problems—I do not know. These are things that I have seen and wondered about, and these are questions that we ought to be asking.

What about some of the new aircraft which will be used for the defence of North America? The press are not here, as usual, but when I am continually reading articles in the daily newspapers and magazines written by all kinds of know-nothings saying that there is no threat to North America from manned bombers, I think that people who write and think that way must live on Hash Street. A lot more people are going to read those articles than are going to read my speech, and I suggest that there is not one damn word of truth or sense in those articles.

A threat to this continent? Why, do you know that at this very moment there are roughly 800 Russian aircraft with the capacity to bomb North America and return home? What about the TU-95, known as the Russian Bear? It can fly from deep inside the Soviet Union to any target in North America and return. If they don't intend to use it, what have they got it for? What about the M-4 Bison which can also fly from deep inside the Soviet Union to North America and return? What about the Badgers and the Blinders? They both have refuelling capability, and by refuelling they can also fly from the Soviet Union to this continent. What about their new Backfire? The Backfire flies at Mach 3, and with one refuelling it can reach any target in North America from Russia. All they have to do is put a refuelling probe on it, and they are installing them today. Recent photographs of Backfire bombers show that they are all equipped with refuelling probes. Why? You say there is no threat? The threat is greater today, or is as great as it has ever been.

Not only do they have this capability, but commencing in 1974 they started a research and development program for a new long-range bomber with supersonic dash speed, and that airplane will be coming into production in 1983. Let no one tell you there is no threat to the North American continent.

On past occasions I have proposed that we ought to have some sort of committee structure in the Senate so that defence matters can be discussed from time to time, and we have never taken any positive step forward. I think it is long overdue.

A proposal has been made—and I have made this proposal myself—that perhaps the Standing Senate Committee on Foreign Affairs should take on a study of defence. I am not sure that that is the answer. According to the *Rules of the Senate of Canada,* the Foreign Affairs Committee is composed of so many members, and to it

> —shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to foreign and commonwealth relations generally, including . . . (iv) defence—

This would be a reference for a special study of defence. In my view, that is not what is needed. In my view, members of this chamber should be familiar with defence matters on a day-to-day, week-to-week, and month-to-month basis rather than as a one-shot affair.

There is a lot of work that this house can do, and a lot of work that it does do, but I suggest that unless we pay more attention to defence and freedoms of the world, then the vast bulk of work that goes on here will not be worth a tinker's dam.

I should like to conclude by saying a few words in respect to SALT—the Strategic Arms Limitation Treaty. Of course, this is a treaty that has been negotiated between the United States and the Soviet Union, but it has implications for all of us. This treaty, if it is signed, and if the Senate of the United States passes it, will affect the development of the armaments industry for many years to come. It could, if it is a good treaty, be helpful in preserving peace. On the other hand, if it is a bad treaty, it could be responsible for a third world war. I suggest to you that it is a concern not only of American senators, but it should be a concern of Canadian senators and to Canadian people generally.

[Senator McDonald.]

It will take a two-thirds vote for this treaty to pass the United States Senate. It will take a 51 per cent majority to amend it.

There are portions of this treaty that concern me. It is a difficult treaty to read, let alone understand—it is 62 pages long. The concern I have is: How do you define the difference between theatre nuclear weaponry and strategic nuclear weaponry? Not only is this difference between strategic or theatre nuclear weapons of concern to Europeans, it must be of concern to North Americans because the Backfire bomber that I mentioned a few moments ago, and which carries nuclear weaponry, is not included in SALT. The SS-20 that I referred to is not included in SALT. They are outside the treaty for the term of the protocol period, which is three years.

● (1520)

The Soviet Union is free to build all the Backfire bombers, all the SS-20 missiles, and all the SS-22 missiles it wants. To make a Backfire bomber an intercontinental weapon, all you do is put a refuelling probe on it. To make an SS-20 an intercontinental ballistic missile, all you do is put one more rocket on it—put on three stages instead of two. They are left outside the treaty.

It is my belief that both of these weapons ought to be included in SALT, if not to protect ourselves in North America, then at least to protect our colleagues and friends in Europe. Those weapons are there today, sitting ready on their launching pads, but they are not included in SALT.

Another concern I have is that the treaty calls for an agreement not to deploy sea- or land-based cruise missiles with a range of more than 600 kilometers. Six hundred kilometers from the East German-West German border covers a lot of western Europe, but there is not one single target 600 kilometers from that same border in the other direction. All targets in the Soviet Union are beyond range. Why confine the range of a cruise missile to 600 kilometers? We believe it is possible to shoot it 6,000 kilometers, and perhaps more. I do not understand why anyone would support a treaty that, to me, seems so unfair.

This treaty was debated at the North Atlantic Assembly in Lisbon. The support we gave to it in resolution 83 reads as follows:

> The Assembly . . .
>
> URGES member governments of the North Atlantic Alliance:
>
> 1. to support United States' efforts to conclude a SALT agreement which is equitable, balanced and verifiable;
>
> 2. to press that further negotiations seek to bring about significant reductions in each side's strategic nuclear forces;

I think everybody agreed with that.

3. to press that these subsequent negotiations include the theatre nuclear forces deployed in and against the European theatre.

But, if you are going to confine the range of a cruise missile to 600 kilometers, I repeat, you cannot hit one target in the Soviet Union because of the distance.

I know this is a matter, as I said at the beginning of my remarks, for American senators to decide whether it is or is not in their best interests to sign, but I suggest again that it is a subject matter which you and I should be concerned with as well.

Honourable senators, in conclusion I would just like to remind you of another fact. In the world today there are about 180 governments. There are 35 of those governments that could expect to be changed through the use of a ballot box. That is 35 out of 180. The balance will be changed either by a coup d'état or by passing from one dictator to another. If you look at the map of the world today you ought to be concerned when you see the trouble around us.

Sometimes I feel there is some significance with respect to the world movements today and those that happened back in 1938-39. There is a similarity. It is time that all of us paid more attention to world affairs. I do not believe that through treaty or détente the Soviet Union should be allowed to accomplish diplomatically what it has not been able to accomplish for three decades through the build-up of arms.

**Hon. Allister Grosart:** Honourable senators, we have just heard an excellent speech from Senator McDonald. It had not been my intention to comment at this time, but I believe one or two things he said call for immediate comment, and one in particular is his reference to the Standing Senate Committee on Foreign Affairs.

The chairman of that committee is not here. I happen to be the vice-chairman, but I speak only for myself when I say that I welcome his suggestion that the Foreign Affairs Committee should concern itself much more than it does with matters of national defence.

Senator McDonald has made the suggestion that the Senate might arrange by one way or another to have the whole question of national defence referred to that committee, or discussed in other ways within the procedures of the Senate. I feel that his first suggestion that it could well be handled within the structure of the Foreign Affairs Committee is a good one.

I say that for several reasons. One is that the Standing Senate Committee on Foreign Affairs normally deals only with matters directly referred to it and, unfortunately, under our system—and I am not referring now to our Senate system but our parliamentary system—many matters that should automatically go before that committee do not.

I asked the Leader of the Government a question the other day as to whether a certain treaty, a certain agreement—it is called an agreement, but it is actually a treaty—would be referred to Parliament before ratification. In due course I have no doubt I will have an answer, and my guess is the answer will be no, in spite of a clear declaration by a former Prime Minister, Mr. Mackenzie King, that in future all treaties—all treaties, all agreements—would be referred to Parliament formally for approval. That means they are not merely placed on the table, but are approved by Parliament before they are ratified.

I said before that I think it is a disgraceful situation in this country that the executive, the government, can ratify a treaty, or an agreement, without referring it to the Parliament of Canada. But that happens to be our system under a stupid, old anachronism known as the prerogative of the Crown as exercised in this field.

It will be my intention, in consultation with others, not only on this side but on the other side as well, to move a resolution that this whole question be seriously discussed in the Senate, not merely on an inquiry but perhaps referred to a committee, so that we can inform the government as to the kind of policy that might make much better sense in the future with respect to entering into international obligations on behalf of all the citizens of Canada.

I assert again that no such obligation—no important one—should be entered into merely on the decision of the cabinet, as is the situation at the present time.

Senator McDonald has referred to the SALT agreement. He said the disposition of the negotiations leading up to the SALT agreement is one which may determine whether we have a third world war within a very few years, on even months. I am quoting Senator McDonald, and I agree with him entirely. That is certainly the feeling of many who are discussing the SALT agreement at the present time.

• (1530)

As Senator McDonald said, the United States government cannot enter into the SALT agreement without the approval of two-thirds of the Senate. The Canadian government can enter into it without consulting anybody, except itself. That is the situation we face, in spite of assurances given over the years by more than one Prime Minister that this situation would be changed. I suggest that this, in the imminent context of the SALT agreement, is a subject that we in this Senate should be far more concerned about than we have been in the past.

The question raised by Senator McDonald regarding the content of the SALT agreement is one which concerns everybody who is interested in world peace, specifically in the context of the attempt to preserve that world peace, at least for a little longer. There are those who are in support of the SALT agreement as it is now written, and there are those who feel that it would be a world tragedy if the SALT agreement, as written or prescribed, was accepted by what I will call, for the moment, the NATO countries, which include the United States and Canada.

I am no expert in this field, but I have read about the discussions which have taken place recently. My conclusion is the same as the one Senator McDonald came to—that is, that some weapon omissions in the treaty at the present time make it, if not largely ineffective, at least something which the

Warsaw Pact countries would welcome, and that has been the case. They welcome it as it stands which, in my mind, is a good enough reason for taking a very hard look at it.

In light of the facts and figures Senator McDonald has given to us this afternoon, I am quite sure it is not an exaggeration to say we should be alarmed with the SALT agreement in its present form.

This raises the whole question of the structure of our role which tends to limit standing committees to the study of such references from time to time. The wording Senator McDonald read as applying to the Foreign Affairs Committee applies to all Senate committees. The Leader of the Government might give some consideration—not from a rules point of view but from a policy point of view—to taking a hard look at this to decide whether these committees, should be given authority to deal with the whole subject at any time according to the undertaking of the members of the committee, the steering committee and the chairman. It is my recollection that, very wisely, the Chairman of the Agriculture Committee sought this blanket authority. I think it might be well if all our committees were given similar blanket authority in respect to the specific subjects in their area of responsibility under the rules.

In the case of the Standing Senate Committee on Foreign Affairs, I believe it should be allowed to study treaties and international agreements. This is one item that should come before the Senate automatically, as it does in the United States and in other countries where there is a second chamber. That seems to be a natural function of the second chamber. They discuss, and even have the final say in, such agreements and treaties. External trade, foreign aid, defence, immigration—and this will surprise some honourable senators because I do not think that committee, since I have been a member of it, has ever discussed immigration—and territorial and offshore matters which, of course, would take in the very important question of the law of the sea treaties, should be studied by the Foreign Affairs Committee.

I am sure that if this blanket responsibility were given to that committee and, perhaps to others, that it would then become an obligation on such committees to accept that responsibility, to look at the developments from day to day and decide on those issues. A committee such as that has a duty, a responsibility, to the Senate to examine national policy in these areas, and bring important aspects to the attention of the Senate.

I should like to thank Senator McDonald for bringing this matter to the fore in a very explicit way. He has made many first class contributions to our attempts to understand our defence policy in this chamber. I congratulate him on the fact that recently he, as a senator, accepted the chairmanship of the NATO Assembly group in the Parliament of Canada. I am sure he will carry out that duty with distinction. I welcome his initiative now to introduce the subject of defence into the deliberations of the Senate.

**Senator Molgat:** Would the honourable senator permit a question?

**Senator Grosart:** Yes.

**Senator Molgat:** I wonder if he could tell us, dealing with the matter of the ratification of treaties, what the practice has been in the United Kingdom?

**Senator Grosart:** It is from the so-called Westminster tradition that we have inherited what I have called this anachronism. In the United Kingdom they have made many modifications, without modifying the concept. They still hold to that concept of the prerogative of the Crown which arises, of course, from the historical circumstances surrounding the King of England going to war. At that time, if the King of England went to war, England did not necessarily go to war. Perhaps he went to war regarding his domains in Anjou or Germany, or he may have gone to war in the Near East on a crusade. This happened over and over again. The British people did not assume they were automatically at war because the King was at war. He only came before Parliament when he needed money, if he could not raise it in other ways.

That has persisted, but in both houses of the United Kingdom Parliament today there are serious debates on treaties and matters such as those raised by Senator McDonald, and in a much more regular and serious way than they are debated in the Parliament of Canada.

There are obvious reasons for that. Britain was the centre of a great empire and, with interests all around the world, it was natural that foreign affairs, treaties, and so forth, were of greater importance to the British Parliament than they were to the Canadian Parliament. However, this does not, in any way, change the suggestion I have made that the Canadian Parliament should automatically approve all important agreements and treaties.

On motion of Senator Yuzyk, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, February 15, 1979**

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

Prayers.

[*Translation*]

## MR. RAYMOND BARRE

VISIT OF PREMIER OF FRENCH REPUBLIC

**Senator Riel:** With your leave, honourable senators, I would like to draw the attention of the Senate to the recent visit in our country of the Premier of the French Republic, Mr. Raymond Barre, and Mrs. Barre, a very successful visit which ended Tuesday night. I would also like to say on behalf of the Senate that the people of Canada were pleased to receive them.

Further, I would like to thank Mr. Barre for the courtesy visit he made to the Speaker of the Senate and also to congratulate him for the lesson of great dignity and sound political judgment he gave us during his stay. I think that, in the future, to the pithy expression "non-interference, non-indifference", we shall have to add the words "non-malevolence".

Mr. Barre not only showed himself as being the equal of President Lincoln in the spirit of "With malice toward none; with charity for all" but also, and at the same time, as being in the great tradition of his predecessors, Sully and Colbert. He is a man of quality.

**Senator Flynn:** I am prepared to support the words Senator Riel has just said. I like those historical reminders. I would say that those relating to the present are probably more certain and more accurate than those relating to the past.

**Senator Riel:** I do not know to which part of those reminders relating to the past you are addressing yourself in particular, but we shall have the opportunity to discuss this outside this chamber.

[*English*]

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report relating to warrants issued under the Official Secrets Act for the year ended December 31, 1978, pursuant to section 16(5) of the said Act, as amended by Chapter 50, Statutes of Canada, 1973-74.

Report relating to authorizations and interceptions under the Criminal Code for the year ended December 31, 1978, pursuant to section 178.22(4) of the Code, as amended by Chapter 50, Statutes of Canada, 1973-74.

Report of the Law Reform Commission of Canada for the year ended May 31, 1978, pursuant to section 18 of the Law Reform Commission Act, Chapter 23, (1st Supplement), R.S.C., 1970.

## AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting on Tuesday next, February 20, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1410)

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, February 21, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 20, 1979, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give you a brief outline of the work schedule for next week. I will deal first with the committee meetings.

On Tuesday the Special Committee on Retirement Age Policies will meet at 2 o'clock in the afternoon. The National Finance Committee will meet at 2.30 p.m. to continue its examination of the estimates of the Department of Regional Economic Expansion, and at 3 o'clock the Legal and Constitutional Affairs Committee will hold its first meeting on the question of off-track betting in Canada. It will then resume its examination of the subject matter of Bill C-9, the Canada Referendum Act. As announced earlier, the Agriculture Committee will meet at 8.30 p.m.

On Wednesday the Banking, Trade and Commerce Committee has scheduled a meeting at 9.30 a.m. on the subject matter of Bill C-37, the Income Tax Amendment Act, and at 2.30 p.m. the committee will deal with the subject matter of Bill C-15, the Banks and Banking Law Revision Act.

On Thursday the National Finance Committee will meet at 9.30 a.m. to continue its study of the DREE estimates. The Special Committee of the Senate on the Northern Pipeline will also meet at 9.30, as will the Standing Senate Committee on Banking, Trade and Commerce, to continue its examination of the subject matter of Bill C-15. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11.00 a.m.

In the Senate we will deal with the items on the order paper, and I expect that there will be a new bill for introduction in the Senate early in the week.

Motion agreed to.

## AGRICULTURE

### INTERNATIONAL WHEAT AGREEMENT—QUESTION

**Senator Roblin:** Honourable senators, I should like to ask the Leader of the Government if he will be able to give us in the next few days a report of the proceedings of the endeavour, which was recently terminated, to renegotiate the international wheat agreement. The news report today is that no agreement has been reached. I would be interested in knowing what the position of the Canadian delegation was with respect to those aborted negotiations.

**Senator Perrault:** Honourable senators, I will be pleased to inquire into this matter.

## ENERGY

### SUPPLY OF CRUDE OIL TO IMPERIAL OIL REFINERIES IN CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, yesterday a question was asked on the subject of Imperial Oil refineries by the Honourable Senator Smith (Colchester). The question, which appears at page 542 of the *Debates of the Senate*, reads:

> Could the Leader of the Government inform the Senate whether it is true that the parent company of Imperial Oil Limited has either announced that it is about to cut, or has in fact cut, the supply of crude oil to the Imperial Oil refineries in Canada, and particularly to the company's refinery in Dartmouth, Nova Scotia?

I can report that this subject has been a matter of substantial discussion among government officials and ministers in recent hours, indeed until 2 o'clock this afternoon.

I hope to have a statement provided to me shortly. This is regarded as a very important issue, as Senator Smith (Colchester) suggested yesterday. A great deal of work has been done on the question over the past few hours.

[Senator Langlois.]

### INTERNATIONAL ENERGY AGENCY—QUESTION

**Senator Roblin:** Honourable senators, in asking the Leader of the Government a supplementary question, I would remind him that in 1973, after the last oil crisis, a body called the International Energy Agency was established in which consuming countries around the world took out membership. Is Canada a member of the International Energy Agency?

**Senator Perrault:** Honourable senators, that information will be provided in the reply which I hope we can present to the house very shortly.

There is a determination on the part of the government that no unilateral action of the kind which has been given so much publicity in recent hours shall be tolerated without a firm response by the Government of Canada.

**Senator Roblin:** Honourable senators, we would probably agree with that sentiment, but I would be interested to know just what obligations the Government of Canada assumed when it joined the International Energy Agency, as I assume it did, and what the rules are, and what bearing those rules have on this present problem.

### NEWFOUNDLAND—POWER POTENTIAL OF LOWER CHURCHILL FALLS—QUESTION

**Senator Marshall:** Honourable senators, I have a question that is supplementary to those concerning the impending crisis in oil supplies to eastern Canada.

While the leader is extracting the information sought by honourable senators, I wonder if he would get an up-to-date report on any consultations going on between the federal government and the Province of Newfoundland about developing the vast potential of energy from the Lower Churchill Falls, which would supply much of the energy needs of eastern Canada and the rest of the country.

**Senator Perrault:** Honourable senators, an inquiry will go forward on that matter.

## AIR CANADA

### STATEMENT OF PRESIDENT REGARDING SALE TO PRIVATE INTERESTS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked yesterday by Senator Marchand about the possibility of selling a part interest in Air Canada to the private sector.

I am now able to inform honourable senators that Air Canada has supplied some information on the statement attributed to Claude Taylor.

In a recent interview with Canadian Press, Air Canada President, Claude Taylor, did suggest that the government may want to sell a part interest in the airline to the private sector.

This could be considered in the next five years, if Air Canada maintains a proper financial return over this term. The airline has recorded after-tax profits of $20 million and $47 million in the last two years.

Mr. Taylor pointed out that when the Air Canada Act was before Parliament, Transport Minister Otto Lang indicated a willingness to consider putting some of Air Canada's stock up for sale provided the airline showed it could consistently show a profit.

The airline president suggested that if and when the government considered the idea, it could begin by offering a block of shares to Air Canada employees.

In the interview, Mr. Taylor stressed that the $3 billion required to finance aircraft over the next 10 years will be raised on international money markets—without government assistance.

## THE SENATE

### REMARKS BY NDP LEADER—QUESTION OF PRIVILEGE

**Senator Austin:** Honourable senators, I rise on a question of privilege concerning remarks made earlier this week by the leader of the New Democratic Party, Mr. Broadbent, about the future of this chamber.

I think those remarks were awesome in their ignorance about the function of this chamber and its role in Canadian society. On December 14 last, when addressing the house during the debate on the consideration of the first report of the Standing Committee of the Senate on the Constitution, I described the substantive purpose of this chamber, but the NDP has never made a substantive reply.

Mr. Broadbent spoke about this chamber being a gymnasium. Perhaps the NDP needs to be taught how vigorous we are. Therefore, on behalf of Senator Frith, Senator Roblin and myself, I issue a challenge to Mr. Broadbent and the members of his NDP caucus to a round robin squash tournament at any time in the next few weeks.

• (1420)

## ENERGY

### INTERNATIONAL OIL SUPPLY—MINISTER'S STATEMENT

**Senator Perrault:** Honourable senators, I have just been handed a copy of a statement which is now being made in the other place by the Honourable Alastair Gillespie. I feel that it is an important statement and, with the indulgence of this house, I propose to read it:

> In recent days I have answered a number of questions in the House of Commons and made other public statements relative to the Iranian oil situation.
>
> This paper provides an update on the current situation and background on developments relating to it.
>
> The International Situation: The world has been without significant Iranian oil exports for nearly two months. The shut-down of exports on December 26 followed a period of disruption to shipments between late October and early December.
>
> Production has been increased in a number of other exporting countries, partly offsetting the loss of Iranian oil. We estimate the net loss of Iranian oil at about 5 per cent of the non-communist world's supply.
>
> I think we should note that increases in some countries have brought their production above politically dictated ceilings. We should note too that, with Iran out of action, the global system is operating at capacity with nothing in hand to cope with possible disruption of order sources, however caused.
>
> On a world scale, the net loss of Iranian supply is being met by an accelerated drawdown of inventories. Global stocks, normally equivalent to perhaps 80 days supply, are falling at a rate of three to five days a quarter. This stock draw will have to be reversed and inventories replaced if next winter's requirements are going to be adequately met.
>
> The international oil supply situation is therefore serious, but not critical. The International Energy Agency, in which Canada plays an active role, is consulting with the oil industry, preparing comprehensive appraisals and providing an important forum for discussion between participating countries. The governing board of the agency will next meet in early March, to undertake a comprehensive, senior-level review. We are consulting the provinces as to Canada's position at this meeting.

The minister goes on to say:

> I do not expect that the agency's emergency oil sharing system will be activated at this time: the global shortfall is still significantly less than the 7 per cent loss of supply which would trigger the sharing system. Of course, if there were to be further disruption of overseas supply while Iranian exports remain shut down, the loss could reach or exceed 7 per cent. In this case, Canada would fulfil its commitments to restrain demand, or take equivalent measures, and would take part in the international reallocation of supply.
>
> Oil Supply in Canada: Imports still account for nearly 30 per cent of our oil supply and Iran was our third largest foreign supplier, after Venezuela and Saudi Arabia. In normal circumstances, we would have expected to receive about 100,000 barrels a day of Iranian crude in early 1979.
>
> Of course, our dependence on overseas oil would have been much greater had the government not acted vigorously after the 1973-74 crisis to establish a secure flow of western Canadian oil to eastern Canada.
>
> The interprovincial pipeline system was extended to Montreal in 1976 on the strength of government guarantees of financing and market; the government has subsidized the tariff differential between Toronto and Montreal; and we have strongly encouraged maximum use of the line. As a result, our direct import dependency has been cut from 800,000 barrels a day to 500,000 and 60 per cent of Quebec's oil supply is now met from secure Canadian sources.

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

**Senator Perrault:**

Of our 500,000 barrels daily of imports, about 200,000 come from Venezuela, a source which has proved completely reliable in peace and war for many decades. The balance is imported mostly from the Middle East, and this is worrisome.

Canadian importers who have been affected directly or indirectly by the Iranian situation have had some success in obtaining alternative sources. As well, maximum quantities of western oil are being shipped east. The pipeline systems doing this are working at capacity. But some shortfall remains to be made up.

A month ago, therefore, I authorized the National Energy Board to deal with applications for the exchange of additional quantities of western Canadian oil delivered to United States refiners for supplemental supplies of overseas crude made available by those refiners to our companies in eastern Canada. Nearly one and a half million barrels of exchange oil have already arrived in the east and the board has approved or signified approval in principle for the exchange of a further 2.2 million barrels in the first quarter of the year. This rate of exchange, nearly 40,000 barrels a day over the quarter, will enable product supplies to be maintained to Canadian consumers without requiring an accelerated stock draw. Nevertheless, unforeseen developments such as the Gulf refinery fire at Montreal earlier this week could give rise to problems in respect of particular grades of product.

This support from western Canada is invaluable. I would like to express the federal government's appreciation to the Government of Alberta which, with its agencies, is co-operating fully to facilitate both the maximum delivery of Canadian oil by pipeline to the last and the exchange process.

"Reallocation" of Overseas Oil Supplies: There have been reports that, as a result of reallocation of supplies by multinational companies, deliveries to Canadian importers from overseas sources other than Iran have been cut back.

Specifically, it is reported that the Exxon Corporation has diverted to other markets 25,000 barrels a day of Venezuelan crude that would have been imported by Imperial Oil.

The President of Imperial Oil, Mr. Jack Armstrong, has advised me that Imperial is not prepared to accept the reallocation system proposed by its supplier Exxon. Mr. Armstrong has assured me that Imperial can meet its first quarter oil product commitments without further exchanges of Canadian oil. However, this will involve some drawdown of inventories. To secure its product supply in the second quarter, Imperial will have to make some progress in its on-going discussions with Exxon.

I have told Mr. Armstrong that the diversion of Venezuelan oil by the Exxon Corporation is not acceptable to the Government of Canada. I expect the management of Imperial Oil to bend every effort to ensure that this supply is totally restored to Canadian use.

Arrangements for the Import of Venezuelan and Mexican Oil: When I visited Venezuela last month, the authorities there clearly expressed their desire and readiness to supply oil directly to Canada for refining by Imperial, without going through the Exxon group. A direct commercial relationship of this kind has already been established by another Canadian refiner and is working to the satisfaction of both parties.

Given the willingness of the Venezuelans to enter into such a direct relationship, I can see no reason why Venezuelan oil should be diverted away from Canada by a multinational intermediary.

I have therefore formally requested the President of Imperial Oil to establish a direct contractual relationship with Venezuela at the earliest opportunity.

Such a relationship would give practical effect to the desires of the Venezuelan authorities and would ensure that this flow of secure oil is not subject to reallocation in an emergency by the Exxon group to meet its own supply shortfalls.

In this connection I believe that, as a matter of policy, Canadian companies should as far as possible give preference to western hemisphere supplies and should source this oil directly.

The head of Petro-Ven, Venezuela's national oil company, has indicated to me that his company is prepared to make available 200,000 barrels a day of light and medium crude oils for the indefinite future. As well, we are negotiating arrangements which will lead to the import of 100,000 barrels a day of Mexican crude by the end of next year. By sourcing 60 per cent of our imports from these countries and by acquiring this oil under direct contract arrangements with the primary suppliers, we can significantly improve the security of our total oil supply.

● (1430)

**Senator Smith (Colchester):** I certainly thank the Leader of the Government for the detailed explanation he has given. In view of his willingness to give such detail, I am reluctant to trouble him about another point I raised yesterday which seems to me not to have been dealt with, but which perhaps has been and I have not caught the implication.

One of the questions I asked yesterday was directed towards ascertaining whether the quantity of refined products of the eastern Canada refineries, particularly those of the Imperial Oil refinery at Dartmouth, would be reduced as a result of this difficulty about diversion of oil from Venezuela by Exxon, and, if so, by how much?

**Senator Perrault:** Honourable senators, in view of the expressed determination of the minister on behalf of the government that there will be no cutback in the deliveries of oil to eastern Canada, and that appropriate measures will be taken, it can be presumed that the possible difficulty anticipat-

ed by Senator Smith will not occur. However, further information will be sought.

UNITED STATES—CRUDE OIL INVENTORIES—QUESTION

**Senator Austin:** Honourable senators, referring again to the statement that the government leader has just made on the subject of oil supplies, I would like to say that we have kept some shut-in capacity in oil in order to protect our domestic supplies, and the effect of increasing our production in Alberta so as to use that surplus capacity has been to give an opportunity to international oil companies to divert oil to other countries, thereby bringing into play our surplus capacity to assist in the international supply distribution. But the key difficulty is that the more capacity we use to replace international imports, the less capacity we have to assist the United States in its own crisis.

With that background I should like to ask the government leader whether the government has any information on inventories of crude oil in the United States, which I understand are well below normal levels at this time. Some people have said that the United States is being caught with its international crude oil supply down. The difficulty with that—and this is the information I seek from the government leader—is whether the United States has any method of building up its inventories before the winter of 1979-80, or whether indeed the United States will face rather severe oil shortages in that winter and be looking to us to help make up those shortages at a time when companies like Exxon are using our excess production, or our shut-in capacity, to divert fuel in their own marketing system.

I have one final question. Is the government leader aware that Imperial Oil is 70 per cent owned by Exxon?

**Senator Perrault:** Honourable senators, because of its complex nature, the question will be taken as notice. The government is aware of the relationship between Imperial Oil and Exxon. It is an interesting relationship under these present circumstances.

**Senator Flynn:** I think you should also thank Senator Austin for all the information he has given you.

**Senator Perrault:** Once again I think we should all feel gratified that there is such a great and detailed fund of knowledge in the Senate.

**Senator Austin:** And we are good squash players, too!

**Senator Flynn:** Of that I have no doubt.

**Senator Roblin:** I have to respond to that last remark. If there are any here who do not know the quality of the squash playing in the Senate, I should be glad to enlighten them. I would also point out that at the moment I am the current champ.

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

**Senator Bosa:** Honourable senators, I should like to ask a supplementary question. Does the alleged diversion of oil by Exxon from Canada to other places lend strength to the Honourable Walter Gordon's theory that we should have control of our own economic destiny?

**Senator Flynn:** That is the ideal, of course.

INTERNATIONAL ENERGY AGENCY—QUESTION

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask what I suppose could be called a supplementary question relating to energy. The Leader of the Government in his comprehensive statement made reference to the International Energy Agency. I should like to direct this question to him: Is the allegation true that the Government of Canada maintains that this agency allocation scheme, which is not yet in effect, is not likely to be in effect this winter?

**Senator Perrault:** I am in no position, honourable senators, to provide a detailed estimate on that particular eventuality, but the question will be directed to the minister responsible for this particular agency.

## CONSUMER AND CORPORATE AFFAIRS

DISCOUNTING AND ALLOWANCES IN THE FOOD INDUSTRY—QUESTION

**Senator Bosa:** Honourable senators, is the Leader of the Government in the Senate aware of an assertion made by the President of the Ontario Agricultural Association to the effect that food-store chains engage in a practice of taking rebates from their suppliers, a practice that would be considered illegal in most countries? If that assertion is based on fact, will he inform this house in due course as to what the government intends to do about such a matter?

**Senator Perrault:** Honourable senators, the matter has been discussed with the Honourable Warren Allmand, Minister of Consumer and Corporate Affairs, and the question raised at the hearings yesterday is under study.

**Senator Bosa:** What action is proposed?

**Senator Perrault:** No action has been formulated as yet. As I understand it, there was a body of testimony provided yesterday before a provincial royal commission by a representative of the Ontario agricultural industry. However, without a complete transcript being available, and without opposition arguments being heard, I think it would be inappropriate for the government to react immediately to a statement which may call for further clarification.

● (1440)

## THE CONSTITUTION

CONSIDERATION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, February 8 the debate on the consideration of the First Report of the Special Committee of the Senate on the Constitution.

[*Translation*]

**Hon. Louis-J. Robichaud:** Honourable senators, I do not intend to go on for too long as I was warned yesterday by my

friend, Senator Grosart, that he would check his watch and limit my speech to ten minutes. Still I want to talk about the Canadian Constitution. Some may suggest that everything has already been said on this matter; all sorts of opinions, which are not necessarily in agreement, have been expressed about the Constitution, and we can conclude that everything has been said. I cannot therefore pretend this afternoon that I can come up with new ideas, because this debate has been going on since 1867. However, this debate has grown in importance, especially from 1927 until February 15, 1979, when it assumed great proportions.

Yesterday I met my friend Senator Manning in the Senate. I would like here to speak about a personal experience related to this issue. From the sixties on, I took part in the constitutional debates during every conference held when I was Attorney General and Premier of my province, just like Senator Manning. Around 1960 or 1961, under the Diefenbaker administration, we seemed to have found a formula to patriate the Constitution. This was the Fulton formula. At that time, the Honourable Davie Fulton was Minister of Justice in the Diefenbaker government. This formula made no impact, or rather it made some, but it was shelved because of the objections of one or two provinces, especially Quebec. In 1964, and I remember this as if it were yesterday, during a constitutional meeting of the provincial attorneys general which coincided with a meeting of the premiers, Senator Manning and I, each of us holding the two positions, attended a meeting of the attorneys general. The Honourable Guy Favreau was Minister of Justice at that time. A formula was suggested, and this was the Fulton-Favreau formula. Whether it was Favreau-Fulton or Fulton-Favreau has absolutely no significance. All attorneys general agreed—and I did say all of them—on the Fulton-Favreau formula in 1964. I recall very well that at that time, the Honourable Paul Gérin-Lajoie, who was Minister of Youth in the Lesage government, was the constitutional expert in Quebec. He had come to an agreement with us. Around four o'clock in the afternoon, Senator Manning and I left the meeting of the attorneys general to go to the premiers' conference and to announce the good news.

Finally we had come to an agreement, and finally we were to patriate the Constitution. Premiers from the other provinces and the Prime Minister were quite happy. Finally we had an agreement. The eleven first ministers had reached immediate agreement on the Fulton-Favreau formula. Two days later, the headlines were that the Province of Quebec was backing out from the agreement struck between attorneys general and first ministers. The whole Fulton-Favreau formula was going down the drain.

There were other conferences on the matter. There was the Victoria Charter in 1971. There have been conferences since. There has been study on the constitutional problem, but then no agreement is ever forthcoming. So I wonder if there is not an over-emphasis on the Constitution as such, or whether we are serious when studying the concepts in the Constitution. I wonder. Perhaps the Senate could answer that question, as it has a number of other questions.

[Senator Robichaud.]

Turning now to the Pepin-Robarts report, one of the studies on the Constitution. Of course, I am in total disagreement with many of its recommendations. I would, however, quote from the document "A Future Together" on the work done by the task force. It had this to say:

> Sometimes the country seemed to us to be composed of a multiplicity of solitudes, islands of self-contained activity and discourse disconnected from their neighbours and tragically unaware of the whole which contained them all. When one spoke, the others did not listen; indeed, they barely seemed to hear. Canadians live in a big, empty land but they congregate in vital, often boisterously energetic communities. Why is it that we have not learned better to employ this century's communications technology to talk together across the empty spaces?

On we go along that road. There is another paragraph I would like to quote, if I had the time.

I feel that some conclusions in the Pepin-Robarts report are pessimistic. Of course, there are differences in Canada. We have different religions, different languages, different cultures, but there could be agreement on common goals. There is agreement far oftener than disagreement. I do not get really upset when a federal-provincial conference is said to be a failure, because it depends mostly on what the journalists want to say about it. That does not impress me very much, just as long as Canada remains Canada *A mari usque ad mare*. In addition, there are, of course, internal quarrels within the Canadian family, just as there are in ordinary families. However, when there is a problem that concerns everyone, we all pull together. *A mari usque ad mare*.

Well, I saw it happen—though this may seem somewhat ridiculous to some—when in 1972 the hockey series was played in Moscow between Canada and Russia. I was there, along with some 3,000 other Canadians. What did Canada want? Victory. During the eighth game, at the end of the second period, Canada, or the National Hockey League—though we said "Canada" because we were all Canadians—was losing 5 to 3 to the Russians. We just had to win that game. Phil Esposito scored about half-way during the third period, making it 5 to 4. At one minute and 34 seconds, Yvan Cournoyer evened the score, 5 to 5. And 34 seconds before the end, Paul Henderson scored the final goal.

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

**Senator Robichaud:** We won the series. But all the Canadians who were there, whether they came from Jonquière, Kénogami, the Gaspé Peninsula, Prince Rupert in British Columbia, or Winnipeg, all of them there were embracing each other because Canada had won. During the last series, whether Guy Lafleur or Darryl Sittler scored made no difference. One thing only mattered: that Canada should win. We were all part of one big family.

So when there are great goals to achieve, Canada can stick together, despite the temporary accident that occurred on November 15, 1976, in Quebec.

Now, with regard to internal quarrels, they occur because there are extremists on both sides. I have been reading a book called *Bilingual Today, French Tomorrow*, sent to me by a Toronto publisher.

[*English*]

I read that book with disgust. After having read it I phoned the publisher in Toronto and asked for the address of the author. I wanted to talk with him because I had made notes of the fundamental basic errors that were contained in the book. The publisher told me, "I am sorry, he cannot be reached. He is in Spain." I said, "Well, I hope he stays in Spain, because he is not a good Canadian. Yet you sent me that book through our postal service. I read it, and I am disgusted both with the author and with the publisher." I then gave the reasons why I was disgusted.

• (1450)

That is one side of the story, and more people could be included in that category. They are the extremists.

On the other side—let us say, on the francophone side—there are extremists also. I cannot condone all that is contained in Bill 101 in the Province of Quebec, for instance, because I believe in the protection of minority rights in this country. One of the objectives of the Fathers of Confederation was that the Constitution would protect minority rights throughout the country.

[*Translation*]

Now that is where the Pepin-Robarts Task Force and I part company—when it recommends giving the provinces full and complete jurisdiction over language rights. I believe this right should be enshrined in a confederative pact, not a new Constitution but a revised Constitution reflecting the problems of 1979 rather than 1867—revised but not entirely dismantled to come up with Bill C-60, for example. I am going to try to come back to Bill C-60.

**Some Hon. Senators:** Go on, go on, it is very interesting.

**Senator Robichaud:** Linguistic rights—here I represent perhaps not a region but I am aware that I represent my province, the Province of New Brunswick.

Right now the Province of New Brunswick is the only one in Canada giving both languages equal rights. It is officially bilingual. That is fortunate because today we have a government which has followed the policies of the previous administration.

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

**Senator Robichaud:** But what could happen in 10 or 15 years? I do not know. I would not want to see a repetition of what happened in 1871 in Manitoba, or a repetition of Bill 101 in Quebec. But then the linguistic rights of minorities would have to be enshrined in a revised Constitution.

What gave rise in my own province to what is called the Acadian party? Again, internal quarrels. The Acadian party has absolutely no reason for being here. I said many times, and I repeat to those who are Acadians and really want to serve their cause, why not work through the existing political structures instead of founding an Acadian party? If there is an Acadian party, why not a Loyalist party? If there is an Acadian party and a Loyalist party, why not an Italian party? And, if there is an Acadian party, a Loyalist party, an Italian party, why not a Scottish party, an Irish party? So you end up with utter chaos. We now have in this country structures we can be proud of and, to those who say that it is terrible in Canada, I say how lucky we are to live in this country.

• (1500)

[*English*]

When we compare ourselves with other countries, such as Iran and Pakistan, which want to get rid of some of their fundamental institutions, and some of the countries of South America and even the United States, do we not consider ourselves lucky to live in Canada despite certain little discussions—not battles, but discussions—that take place regularly? We should be proud of being Canadians, and proud of our institutions that make it possible for all Canadians to live a decent life. Some people may call us socialistic because we have family allowances, unemployment insurance, medical care, and so on. Perhaps we are on the socialistic side. So what? Everybody is happy with that, and no one suffers or dies from malnutrition or from lack of medical care in our country.

Perhaps we should debate the Constitution, but the Constitution as it presently stands has made us proud to be Canadians, and to be called Canadians.

I should like now to discuss Bill C-60 and the recommendation of the Pepin-Robarts task force. I would like to have time to deal with the monarchy, human rights and the Supreme Court, but I will touch on only one subject, and that is the task force's recommendation as to what should happen to the Senate.

I knew the co-chairman of that task force, Jean Luc Pepin, when he was a minister here and I was the Premier of New Brunswick, and I have known John Robarts for nine years. To me their recommendation to abolish the Senate and create a house of 60—60 what?—supported by the provinces, is asinine. It is absolute nonsense. I think that is even worse than the suggestions contained in Bill C-60 with respect to the Senate. It was said that the provisions in Bill C-60 would create an institution with revolving doors—people coming and going. That is also nonsense.

Perhaps some adjustments should be made to the Senate, but we can make those adjustments ourselves. For 112 years this institution has served a great cause, and it is going to continue to serve a great cause—the cause of Canada. Certain adjustments can be made from within. Possibly there should be more senators representing the western provinces. I would not object to that one bit. But the institution, as I have known it for 53 years, and as Canada has known it for 112 years, should remain basically intact. I have maintained that position since last summer when the Special Senate Committee on the Constitution commenced its study. I am willing to repeat it in Winnipeg, Calgary, Vancouver, Trois Rivières, Percé and Moncton.

Perhaps something else can be done by the Senate. Back in November I asked how many royal commissions, commissions of inquiry and task forces existed at that moment across Canada at the federal and provincial levels. I received in answer a long list of all the royal commissions, commissions of inquiry and task forces which were studying an almost unbelievable number and variety of subjects. It is my belief that we have in this chamber experts who could look into these problems—perhaps not all of them, but many of them—that are being studied throughout Canada by so-called experts who need to call experts as witnesses before them.

Cannot the Senate do this? We have experts in a variety of fields here. In the area of agriculture we have Senator Hazen Argue; in the area of finance we have Senator Molson, Senator Hayden and others; and Senator Williams and Senator Adams are experts in the area of Indian affairs.

**Senator Asselin:** And Senator Perrault.

**Senator Robichaud:** Yes, I could go on. In the area of constitutional affairs we have Senator Asselin and Senator Flynn. We also have the expertise of Senator Godfrey. We have the expertise in this chamber. We are as capable of calling witnesses as anyone else, and such studies, when undertaken by the Senate, are less expensive. These royal commissions are costing the taxpayers of Canada millions of dollars.

Following my study, the *Financial Post*, on November 25, 1978, reported that there were nine royal commissions and commissions of inquiry currently in operation at the federal level alone. At the provincial level there were 21 commissions of inquiry working away—presumably assiduously. That is the total number. I would venture to say that half of these would not have been appointed had the expertise that can be provided by the Senate of Canada been sought.

• (1510)

I have other things to say, but I have gone beyond my time limit. I simply want to reiterate two points. My opinion is that linguistic rights should be entrenched in a revised Constitution. It is also my view that those who want to modify the institution of the Senate are much more temporary. This institution is permanent and should remain permanent. The others can come and go, but the institution of the Senate should remain.

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until Tuesday, February 20, at 8 p.m.

# THE SENATE

**Tuesday, February 20, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table the report of the Parliamentary Librarian for the fiscal year 1977-1978.

## OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table the report of the Commissioner of Official Languages for the calendar year 1978, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Reports of the Anti-Inflation Board to the Governor in Council, dated February 12, 1979, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Pope & Talbot, Inc. and its office employee group represented by the International Woodworkers of America, Local 1-423.

2. The City of London and its employees represented by the London Firefighters Association, I.A.F.F., Local 142.

Estimates for the fiscal year ending March 31, 1980, together with copies of a booklet entitled "Federal Expenditure Plan".

Memorandum of Understanding between Canada, New Brunswick, Nova Scotia and Prince Edward Island, dated February 16, 1979, with respect to the development of the Maritime Energy Corporation.

## BEEF IMPORT BILL

FIRST READING

**Senator Sparrow** presented Bill S-13, to control the importation of beef into Canada.

Bill read first time.

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

**Senator Sparrow** moved that the bill be placed on the Orders of the Day for second reading Thursday next.

Motion agreed to.

## PARLIAMENT

DISTRIBUTION OF DOCUMENTS

**Senator Marshall:** I rise on a point of order. I wonder whether members of the Senate are receiving all the information, all documents and all petitions, that are directed to the members of the Parliament of Canada, because it appears to me that there are many documents that are not being received by members of the Parliament of Canada and, indeed, by senators. Regardless of the fact that I am out of order, I bring that to the attention of the chamber.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

**Senator Forsey,** Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, presented the following report:

Tuesday, February 20, 1979

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Fifth Report as follows:

(Statutory Instruments No. 6)

In relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, your Committee recommends that it be given the authority to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws, and

(b) in the use of delegated powers and of subordinate laws;

2. the manner in which Parliamentary control of delegated legislation should be effected;

3. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments;

and recommends further that members of the Committee be empowered to travel outside Canada, namely to Washington D.C., for the purposes mentioned above and that the necessary staff do accompany the Committee.

Respectfully submitted,

Eugene A. Forsey,
*Joint Chairman.*

● (2010)

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

**Senator Forsey** moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## THE ESTIMATES

### NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Langlois,** with leave of the the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending the 31st March, 1980, in advance of bills based upon the said estimates reaching the Senate.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## TASK FORCE ON CANADIAN UNITY

### DISTRIBUTION OF REPORT—QUESTION

**Senator Forsey:** Honourable senators, I rise to ask the Leader of the Government if he can make some inquiries into a recent achievement of the practical joke department of the government.

**Senator Flynn:** What is the other name of the department?

**Senator Forsey:** I leave that to the wisdom of the Honourable Senator Flynn to define. Some 10 days ago I received a letter or an inquiry by telephone—I can't recall which—from the National Unity office or the task force report people—someone responsible, anyhow—asking how many extra copies of the report of the Pepin-Robarts task force I should like. I considered the matter—"I deliberated upon it," as Sir Robert Borden would have said—and I replied "Twenty-five." What was my astonishment Friday morning to find in my office an enormous carton containing no less than 80 copies.

I suppose this inquiry has a somewhat frivolous air, but it seems to me that this is a ridiculous situation and a waste of public money. If the computer—and I suppose it was responsible—was going to spew out 80 copies of this document, this priceless and ineffable document, to every member of the House of Commons and the Senate, as I understand happened, well, all right; but why ask us how many we want? If we are going to be asked how many we want, why not pay some attention to what we say in reply?

It reminds me of the time when the Canadian Pacific Railway sent up a large piece of freight to myself and my wife in Montreal and called up and said "Where would you like it sent"? We said, "Apartment 36, 424 Sherbrooke Street, West Montreal." The next word we had was "It's gone to Fredericton."

Evidently the practical joke department has taken a leaf out of the practice of the CPR many years ago in Montreal, and having been told that I wanted 25 copies, it showered upon me this undesired largesse of 80. I am informed that this has happened to many, if not all, of the members of this house and probably the House of Commons, and it seems to me a minor but most scandalous waste of public money; and I should be greatly pleased if the Leader of the Government could look into the matter and find out what is going on.

**Senator Riley:** I received 750 copies.

**Senator Flynn:** Probably because they didn't ask you how many you wanted.

**An Hon. Senator:** I said that I didn't want any, but I still got my 80 copies.

● (2015)

**Senator Perrault:** At least there is one heartening aspect of the honourable senator's observations. At frequent intervals some senators complain that they do not receive sufficient documentation. Now we appear to have this embarrassment of documentary riches showering down upon us. And then there is the possibility, honourable senators, that some other angry individuals in the environs of Ottawa may have ordered 80 copies and received only 25.

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

### PATRIATION OF THE CONSTITUTION—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked by Senator Olson a few days ago regarding the patriation of the Constitution and the amending formula. The question was as follows:

Honourable senators, I should like to ask the Leader of the Government whether or not the federal government has made up its mind as to what to do in response to the suggestions by at least one province, and perhaps more,

that Parliament should go ahead and patriate the Constitution without amendment.

First of all, honourable senators, I can say again that there was no consensus among the governments.

Ontario wished patriation with or without an amending formula soon, and Alberta, New Brunswick and British Columbia indicated that they might support this.

Saskatchewan and Quebec strongly linked the question to their positions on a modified distribution of powers.

NATURAL RESOURCES REVENUE—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Olson asked a further question, as follows:

> What was the federal government's stand in the constitutional meetings respecting natural resources revenue, and what, indeed, was offered to the provinces and what was expected in exchange for natural resources revenue and management of them?

1. The federal government has discussed with the provinces possible constitutional provisions concerning non-renewable resources, forestry resources, and electrical generation which would:

> (a) affirm the exclusive powers of the provinces with respect to exploration, development, conservation, management, et cetera, of these resources;
>
> (b) confer a power on the provinces to impose indirect taxation on primary products from these resources, even though such products are to be exported to other provinces or other countries. Provinces can now only impose direct taxes within the province;
>
> (c) confer a concurrent power on provinces to regulate the export of such products, subject to trade and commerce laws made by Parliament which would always be paramount, in case of exports abroad, or which would be paramount only where they would serve a "compelling national interest" in case of interprovincial trade. Provinces now cannot regulate export as such, even where there is no federal law covering the situation, because Parliament has exclusive jurisdiction over the regulation of interprovincial and international trade and commerce.

2. This discussion is part of an ongoing review of many aspects of the Constitution during which the federal government is or will be seeking certain changes and various provinces are or will be seeking other changes.

EQUALIZATION FORMULA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Roblin asked a question on the subject of equalization. He said:

> Honourable senators, I would ask the Leader of the Government to provide the same kind of information with respect to the subject of equalization. That is a subject which came up at the conference with a view to entrenching it in the Constitution. Perhaps the leader could inform us as to whether a specific equalization formula was mentioned or whether it was simply a statement of the principle.

Honourable senators, the answer is as follows. The honourable senator will be aware that the Canadian Intergovernmental Conference Secretariat released last week some documents relating to the constitutional proposals discussed by first ministers at their conference on February 5 and 6. One of these documents relates to equalization and regional development. The proposal would be for a new section 96(1). This section would commit Parliament and the Government of Canada to the principle of making equalization payments to the provinces that are unable to provide essential public services of reasonable quality without imposing an undue burden on taxation.

The honourable senator will no doubt be aware that this proposal has obtained the support of the federal government and the governments of all provinces except that of British Columbia. The Government of British Columbia continues to have some minor reservations in that, while it is prepared to support the enshrinement of the principle of equalization, it is not prepared to see the means of achieving this principle embodied in the revised Constitution. We are of the view that the current proposal meets fully British Columbia's concern. We are hopeful that, when the constitutional discussions resume, the proposal relating to equalization will obtain unanimous support.

JURISDICTION OVER FAMILY LAW—QUESTION ANSWERED

**Senator Perrault:** The Honourable Senator Forsey asked a question on the subject of family law, as follows:

> Honourable senators, I might ask the Leader of the Government whether, in view of the reported agreement on transferring jurisdiction over family law—which, I presume, means at least over marriage and divorce—from the Parliament of Canada to the legislatures of the provinces, the government is contemplating placing before both houses an Address asking for the necessary amendment to the British North America Act.

● (2020)

In summary, what was agreed to at the recent Constitutional Conference with respect to family law was that:

> (1) legislative jurisdiction over marriage should be transferred to the provinces;
>
> (2) legislative jurisdiction over divorce grounds be concurrent with provincial paramountcy;
>
> (3) Parliament should have exclusive legislative jurisdiction over recognition of divorce and the jurisdictional basis upon which courts grant decrees;
>
> (4) provinces be given power to confer upon provincially appointed judges jurisdiction in all family law matters.

I might add with respect to jurisdiction over divorce that there is a considerable difference of opinion amongst provinces as to where the legislative power over the substantive law of divorce should reside. The proposal of concurrency with provincial paramountcy provides flexibility by allowing those

provinces who wish to enact their own divorce laws to do so, while, for those provinces who do not wish to exercise that power, the federal Divorce Act would remain in force. Retention of federal jurisdiction over recognition of divorce ensures Canada-wide recognition of divorces wherever they are granted in Canada.

Finally, in reply to the main point in Senator Forsey's question, I can say that the question of how best to proceed with respect to constitutional amendment relating to family law is currently under active consideration by the government.

Honourable senators, two documents have been provided with respect to the recent First Ministers' Conference on the Constitution. They are of such length that it is not possible to read them nor it be desirable to do so under these circumstances. However, I am quite willing to table them. The first document is entitled, "The List of Best Effort Draft Proposals with a Joint Government Input Discussed by First Ministers." The second document, entitled "Federal Draft Proposals Discussed by First Ministers," deals with Communications, Offshore Resources, and Charter of Rights.

**Senator Flynn:** Prepared by whom?

**Senator Perrault:** These documents were prepared principally by federal authorities—draft proposals discussed by the First Ministers in their consultations.

**Senator Flynn:** Prepared by the Federal-Provincial Relations Office?

**Senator Perrault:** Like all efforts of this kind it is a co-operative endeavour. I cannot tell the exact authors of the documents. The documentation is the result of diligent work on the part of people at both federal and provincial levels.

**Senator Croll:** The secretariat.

**Senator Perrault:** Yes, the secretariat was very much involved. As I say, these are documents that I would be pleased to table.

**An Hon. Senator:** Or they could be printed as appendixes to today's *Hansard*.

**Senator Perrault:** Yes, we could make them part of today's *Hansard*, whichever course honourable senators desire.

**The Hon. the Speaker:** Is it agreed, honourable senators, that these documents shall form part of today's proceedings?

**Hon. Senators:** Agreed.

[*For text of documents, see appendixes "A" and "B", pp. 579 to 591.*]

**Senator Perrault:** Honourable senators, I have some further replies that I should like to give this evening, but there may be some other verbal questions which honourable senators would like to put at this time.

**Senator Smith (Colchester):** I wonder if I might ask the Leader of the Government whether the document he referred to on the equalization proposition is included in the documents that he agreed to make part of today's proceedings? If it is not, could it also be included?

**Senator Perrault:** Equalization is mentioned in the documentation.

**Senator Smith (Colchester):** I am speaking now of the one the leader mentioned a few moments ago when he spoke of equalization specifically.

**Senator Perrault:** Those words, of course, will appear in today's record. They constitute an official reply given on behalf of the government. But included in the documentation there is material with respect to the subject of equalization.

## PARLIAMENT

### SUPPLY OF INFORMATION TO SENATORS—QUESTION

**Senator Marshall:** Honourable senators, evidently I was not aware of the proper approach when I was ignored in the point of order I brought up earlier. But with respect to our order of business—Presentation of Petitions, Reading of Petitions, Reports of Committees, Notice of Inquiries, Notices of Motions—it is obvious to me from my experience in the other place that there is a lot of information that is not coming to me as a member of the Senate, and I refer particularly in one instance to the Canada Works Program.

Despite the fact that I am trying to represent people in the district that I represented when I was a member of the House of Commons, I am not receiving information that is directed to members of Parliament in the other place. I would suggest that those responsible for sending out information are remiss in their duties. I would ask the Leader of the Government in the Senate if the matter could be investigated, because certainly if the information is not forthcoming to all members of Parliament—and I think we can be classified in that way—then there may be some delinquency on the part of those sending out the information. I would repeat my request that, the leader cause an investigation of the matter to ensure that I, as a member of Parliament, receive all information going out to members of Parliament in the other place.

**Senator Perrault:** Honourable senators, I know of no occasion when information has been denied to members of this house when that information has been requested. All of the main documents of the government are tabled in this chamber. Additionally, I note that Senator Marshall has over 40 written questions on the order paper. I commend him for his diligence. It is an additional method of obtaining information. It is certainly the intention to have those questions answered for the senator's elucidation if not to his entire satisfaction.

If there are occasions when senators feel they are not obtaining information to which they feel entitled, I hope they bring that fact immediately to the attention of the leader's office.

## ENERGY

### INTERNATIONAL ENERGY AGENCY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Smith (Colchester) posed a question on February 15 on the subject of the International Energy Agency. Senator Smith asked whether it was true that the Government of Canada "maintains that this agency allocation scheme, which is not yet in effect, is not likely to be in effect this winter?"

The honourable senator was correct in his understanding. The Government of Canada does not expect that the emergency oil sharing system provided under the agreement on an international energy program will be activated this winter. However, the governing board of the International Energy Agency is meeting on March 1 and 2 to review the current situation in the oil market and to assess what action, if any, is necessary. It would not be prudent to anticipate the outcome of this aspect of the governing board's deliberations.

### UNITED STATES—CRUDE OIL INVENTORIES—QUESTIONS ANSWERED

**Senator Perrault:** Honourable senators, Senator Smith (Colchester) also asked a question about the oil supply situation for the Imperial Oil refinery in Dartmouth. I have just been provided with some further information on that.

A prolonged interruption of crude supply will, in the absence of compensating factors, result in an erosion of crude oil and petroleum product inventories and eventually show up in market shortages. While all the data with respect to the impact of the Iranian situation upon Canada is not yet available, we do not now appear to be in a critical position with regard to product supplies. The exchanges authorized to date by the National Energy Board will supplement eastern Canadian supplies by about 40,000 barrels per day in the first quarter. In addition, some oil companies have successfully procured replacement cargoes for lost Iranian crude. These measures should make up for a large portion, if not all, of the offshore petroleum lost as a result of the Iranian situation. It should also be noted that assurances have been received from Imperial that it can meet its first quarter product commitments, including those supplied by its Dartmouth refinery.

● (2030)

A recent review of product inventories in eastern Canada indicated that while they are somewhat lower than at the same time last year, they are still at manageable levels. Nevertheless, unusual or unforeseen problems, such as the recent fire at Gulf's Montreal refinery, can create sporadic difficulties and departmental officials are in close contact with the oil companies and are monitoring the product supply/demand situation closely. A prolonged cold spell could also create localized problems.

Senator Austin asked whether the government has any information on inventories of crude oil in the United States which, as the honourable senator stated, are well below normal levels at this time.

As of February 2, 1979, crude oil stocks were 299,611,000 barrels as compared to 339,861,000 barrels at the same time last year. This represents a decrease of about 12 per cent in crude oil inventories. In view of this situation, U.S. Energy Secretary Schlesinger recently stated that mandatory allocation of oil might be imposed as early as April 1, 1979. However, the United States is reportedly continuing its strategic crude oil stockpiling program despite the Iranian situation. The stockpile currently stands at just under 80 million barrels, with another 17 million barrels scheduled to be received this quarter. The oil retrieval equipment is to be in place by September, so presumably the strategic stockpile could be used to build inventories in the event this proves necessary.

On the same date—there were a great many questions on February 15—Senator Bosa asked:

> Does the alleged diversion of oil by Exxon from Canada to other places lend strength to the . . . theory that we should have control of our own economic destiny?

The difficulties encountered with respect to Imperial demonstrate the disadvantages, in some circumstances, of Canadian refiners being supplied through a multinational intermediary. One method of obtaining greater control of our economic destiny in this context is to deal directly with the producer countries. In this regard, Imperial Oil, is reviewing its crude supply situation with an eye to establishing a direct contractual relationship with Venezuela.

Further discussions between Petro-Canada and Mexican authorities are proceeding as quickly as possible so as to obtain direct access to Mexican crude.

### EXTENSION OF GAS PIPELINE FROM MONTREAL TO POINTS EAST—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Roblin asked about the federal policy regarding the gas pipeline from Montreal to points east.

The federal government's policy with respect to the expansion of natural gas markets in eastern Canada derives from the government's overall strategy of energy self-reliance. Self-reliance means reducing our vulnerability by supplying Canadian energy requirements from domestic resources to the greatest extent practicable. More specifically, it means that Canada must reduce its reliance on imported oil from insecure sources.

Canada's oil imports are concentrated in Quebec and the maritimes, and currently amount to some 500,000 barrels per day. Interfuel substitution—natural gas for oil—could significantly reduce this dependence. It has been estimated that gas sales in Quebec and the maritimes could be in the range of 200 billion cubic feet per year by 1990, or the equivalent of 100,000 barrels per day.

Thus federal government policy is to support gas market expansion in eastern Canada, provided this can be justified economically. The Government of Canada is not committed to interfuel substitution at any cost.

One application to build a pipeline east of Montreal has already been received from Q & M Pipelines, and another one

is expected within the next few months from TransCanada Pipelines. Once these applications are received there will be public hearings conducted by the National Energy Board. The board will then consider the evidence and make a decision. It is expected that the board's decision will be made next fall.

Honourable senators, I have a number of other replies, but perhaps I have given an adequate number this evening unless there is a pressing need for others.

## STATISTICS CANADA

### COST-OF-LIVING INDEX—QUESTION

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate.

It was reported in the media today that the cost-of-living index rose by 0.8 per cent. This increase is attributed to the high cost of vegetables and electricity during the month of January. My wife told me that vegetables that cost 30 or 40 cents a pound a few months ago cost $1.50 a pound in January.

I am wondering whether the leader is contemplating asking Statistics Canada to remove such luxuries from the package of items used to compute the cost-of-living index. They have tremendous repercussions in the economy, and are not truly representative of the increase in the cost of living.

**Senator Perrault:** The honourable senator's observations will certainly be brought to the attention of the minister responsible for Statistics Canada.

**Senator Flynn:** Which one?

## DISTINGUISHED VISITORS IN GALLERY

### BALTIC HONORARY CONSULS

**Senator Haidasz:** Honourable senators, I am pleased to draw to your attention the presence of distinguished visitors in the Senate Gallery.

They are Honorary Consuls Dr. Jonas Zmuidzinas of Lithunia, Dr. Edward Upenicks of Latvia, and Mr. Ilmar Heinsoo of Estonia.

We wish them an interesting and happy visit to our capital and the Parliament Buildings, and hope to meet them in person tomorrow night in the Confederation Room on the occasion of the Seventh Baltic Evening in Ottawa.

## THE SENATE

### QUESTIONS ON THE ORDER PAPER

**Senator Denis:** I see from the *Minutes of the Proceedings* of the Senate that Senator Marshall is very curious. He is asking about 70 questions, and in most cases there are 10 more questions involved in each.

I would ask the Leader of the Government if he intends to answer all those questions this year or during the next 10 years? Is he going to ask the different departments to cease their normal work in order to answer these questions?

What is the cost? These questions cover about 17 pages every day of the *Minutes of the Proceedings of the Senate*. I want to know what these questions by Senator Marshall are costing.

**Senator Perrault:** Honourable senators, Senator Marshall has a perfect right to direct any question he wishes to the government. He is aware that the preparation of replies to questions is an expensive procedure, but I am sure he asked none of his questions lightly or facetiously.

**Senator Marshall:** Honourable senators, I do not know if it is my privilege to answer Senator Denis with respect to all the questions I have on the order paper. If I may raise it in the form of a point of order or a question of privilege, I think it is my duty, as it is the duty of all honourable senators, to ask through the Parliament of Canada those questions that provide information to the people of Canada in order to meet my responsibility. It is my right, as it is the right of Senator Denis, to protect the rights of all citizens of Canada. This is the reason why I placed these questions on the order paper. I can tell Senator Denis that there are going to be many more in the not too distant future.

**Senator Denis:** In answer to my good friend, I will say that I too am very curious. But if every senator were as curious as he, there would be 700 questions asked of every department.

● (2040)

Some of these questions could be answered by simply telephoning the various departments. To fill up the pages of the *Minutes of the Proceedings of the Senate* for weeks and weeks is a waste of money. I have not counted the questions, but I am not wrong in saying that they will require at least 500 answers. As I have said, these questions can be answered by making a small trip to the different departments of government.

**Senator Marshall:** I only wish the government could answer them that quickly. That is why I put them on the order paper, and I will continue to do so because that is my right.

**Senator Forsey:** On the point raised by Senator Marshall, many of these questions related to the proposed transfer of the Veterans Affairs Department to Prince Edward Island, and this matter is of very serious concern to the Royal Canadian Legion from which I have received some rather voluminous correspondence on the subject. They are very anxious to get answers to these questions.

**Senator Denis:** As a supplementary question, I ask the Leader of the Opposition how much it costs to print these 14 pages containing the questions asked by Senator Marshall. I suppose he is a rich man.

**Senator Flynn:** I will reply to you in the next session.

**Senator Walker:** Touché!

## TASK FORCE ON CANADIAN UNITY

DISTRIBUTION OF REPORT—QUESTION

**Senator Bosa:** Honourable senators, I have been somewhat critical of the report of the Task Force on Canadian Unity. Is the Leader of the Government in the Senate aware that, while Senator Forsey has received 80 copies of that report, I was not even asked if I wished to have additional copies.

**Senator Perrault:** Obviously the allocation of this report has gone to Senator Forsey through some inadvertence.

Honourable senators, I was heartened by the remark the Leader of the Opposition made in response to the question posed by Senator Denis. He said that he would answer that question in the next session, so presumably he still expects to be the Leader of the Opposition then.

**Senator Flynn:** Honourable senators, I rise on a point of order. The Leader of the Government is, of course, unaware of the rules of this house. As Leader of the Opposition, nobody can put a question to me, so I indicated that I would be in the leader's place in the next session.

On the question of the distribution of the Pepin-Robarts report, I suppose the government has decided to leave it on the shelf and just forget about it. There is nothing to be done with these copies other than to distribute them to everyone.

**Senator Denis:** It was my mistake. I did not mean to ask a question of the Leader of the Opposition, because he cannot answer too many questions.

**Senator Flynn:** It is not your first nor your last mistake.

## FOREIGN AFFAIRS

HALIBUT FISHING INDUSTRY—INTERIM AGREEMENT BETWEEN CANADA AND THE UNITED STATES—FURTHER QUESTION

**Senator Austin:** Honourable senators, if I might bring you back to something more substantive, I asked the Leader of the Government earlier this month a question regarding the halibut fishery off the Pacific coast. I gave the Leader of the Government notice late this afternoon that there have been reports in the media to the effect that the government has entered into a tentative agreement with the United States relative to that halibut fishery. I understand that the tentative agreement would allow Canadian fishermen to take 3 million pounds of halibut out of the Gulf of Alaska during the next two years, and, in return, American fishermen would be given access to 14.3 million pounds of ground fish.

The fishing industry, which includes the fishermen of British Columbia, has stated publicly that it finds this agreement highly unsatisfactory. I wonder whether the government has received representations to that effect and whether the Minister of Fisheries will be considering the tentative agreement in the light of its being unacceptable to the fishing industry of British Columbia.

**Senator Perrault:** Honourable senators, I appreciate the courtesy extended by Senator Austin when he provided me with notice of this question.

The proposed agreement provides for Canada to receive in United States waters 2 million pounds of halibut in 1979, and 1 million pounds of halibut in 1980. In return, Canada has indicated that it would allocate to the United States 3,250 tons of ground fish off the B.C. coast.

This agreement was only negotiated *ad referendum* by the two countries' negotiators. The matter is now before the government, and Mr. LeBlanc was briefed on it today as to the details, and he, together with his colleague, Mr. Jamieson, is now considering an arrangement that has been worked out.

No decision has been taken as to whether to accept it or not, and it will be very carefully considered in light of the concerns that have been expressed by several west coast parliamentarians and advisers, such as Senator Austin.

**Senator Flynn:** Is he an adviser or a parliamentarian?

**Senator Perrault:** Both.

**Senator Austin:** I am always pleased to have Senator Flynn inquiring after my designations.

Honourable senators, I should like the Leader of the Government to inquire whether, indeed, the statement made by the President of the United Fishermen and Allied Workers' Union, Jack Nichol, is correct, that the ground fish stocks off the Pacific coast could not stand up to the fishing that this tentative agreement would allow American fishermen to do.

**Senator Perrault:** The question will be taken as notice.

## ENERGY

STRATEGIC OIL RESERVES—QUESTION

**Senator Roblin:** Honourable senators, I should like to come back to the oil question and remind the Leader of the Government that he owes me an answer to a question I asked the other day on the International Energy Agency. I do not need to have it tonight, but I should like to have it before Bill C-42 comes before us. Obviously, there is a strong link between our international undertakings, whatever they may be—and it is a mystery to me at the moment what they are—and the powers that the government wishes to assume under the bill, so I put that request to him.

While I am on this topic, I should also like to ask the government what responsibility it recognizes as being its with respect to the maintenance and establishment of strategic oil reserves in the country.

I have been reading the reports from the other place as well as I can, but I do not think there has been any clear statement about who is responsible for deciding what our strategic oil reserves ought to be, who is responsible for carrying out the policy that arises from that, and where we may look to find the mover in making sure that our strategic oil supplies are satisfactory.

**Senator Perrault:** Honourable senators, the question is a very relevant one and I will attempt to obtain a detailed reply.

Presumably, the National Energy Board is somewhat involved in the process of ensuring an adequacy of all types of

energy supply for Canada, but I am prepared to bring a full reply to this chamber.

● (2050)

**Senator Roblin:** I appreciate that comment, but my impression is that the National Energy Board is more concerned with making sure that we use the resources, either of oil or gas, we have in the country in such a way that our long-term position is protected in respect of those resources. What I am really talking about, however, is the fact that we are deficient in oil supplies, that we do not have enough of our own, and, therefore, we do get caught in this question of strategic supplies in a situation such as we have now. So I appreciate the fact that my honourable friend will get me that information.

I would also like him to let us know what that policy is, if he is able to ascertain it.

**Senator Flynn:** If there is one.

## EMPLOYMENT AND IMMIGRATION

### EMPLOYMENT TAX CREDIT PROGRAM—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 26—**By Senator Marshall:**

1. What agreements were entered into under the Employment Tax Credit Program from the date of its inception?

2. How many jobs were created by these agreements?

*Reply by the Minister of Employment and Immigration:*

1. As at December 8, 1978, 6,414 agreements have been entered into under the Employment Tax Credit Program.

2. 10,137 jobs were created by these agreements.

## HEALTH RESOURCES FUND ACT

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

**Hon. Royce Frith** moved the second reading of Bill C-2, to amend the Health Resources Fund Act.

He said: Honourable senators, this bill addresses itself to the purpose of limiting the approval of projects under the Health Resources Fund Act submitted prior to November 4, 1978. I propose to make some brief remarks, in support of the second reading of this bill, to explain the purpose of the bill and what it says, and to give some of the historical background to explain how it proposes to achieve that objective.

As I mentioned, the purpose is to limit the approval of projects under the fund set up by the act. Any projects submitted prior to November 4, 1978, will be fulfilled and accepted, and those thereafter will, in effect, be cut off.

The bill is a short one, and to understand it it is necessary to understand something of the scheme of the act itself. The act, in its definition sections, contains one aspect that is important to us. It sets up a Health Resources Fund for health training facilities. It is important not to confuse the objective of the bill, which is to set up facilities, with the research and training



projects which take place as a result of those facilities. The emphasis and focus of the bill is to assist the provinces in setting up health training facilities which are defined as facilities:

(a) for the training of persons in the health professions or in occupations associated with the health professions, or

(b) for the conducting of research in the health fields,

The bill is not in itself a measure for the support of research; it is a measure to help the provinces build facilities for those purposes.

The rest of the bill sets up the fund—that is section 3—it sets up the system of contributions by the federal government to the provinces; it sets up the Health Resources Advisory Committee; and it provides for the making of regulations.

**Senator Connolly (Ottawa West):** May I interrupt the honourable senator? The bill to which he is speaking is, I understand, Bill C-2. He may be talking about the Health Resources Fund Act when he refers to section 3, but the bill before me has only one clause in it. I am a little confused.

**Senator Frith:** The reason why I am explaining the bill and the act is in order that the bill now before the Senate, and referred to by Senator Connolly, can be understood. I find it difficult to understand the bill as it stands without understanding what it amends, because it is such a short bill.

That is the scheme of the original act, and the bill now before us amends that act. It amends section 3 to which I have referred—that is the section that sets up the fund—by adding subsection (5). Section 3 has four subsections at present, and the bill would add subsection (5), which reads:

(5) No payment shall be made under this Act in respect of any cost incurred in respect of a health training facility—

I have already mentioned what that means.

—unless payment of a contribution toward the cost thereof was authorized by the Minister pursuant to subsection 4(1) or 5(1) before November 4, 1978.

I shall now give honourable senators some of the historical background in order that they might understand to what the cut-off applies. The Health Resources Fund was appropriated under the act—I am now speaking of the act as distinct from the bill—in an amount of $500 million to be applied to costs incurred between January 1, 1966 and December 31, 1980.

If honourable senators are interested in following these details, although it is not all that complicated, a little arithmetic is necessary to understand what takes place in the historical development of the act. We start out with $500 million to be applied to costs incurred between January 1, 1966 and December 31, 1980. Again, the costs about which I am speaking are those which the federal government contributed toward the building of health facilities in the provinces. It was done through the provinces. The provinces started the project, and it was a matter of the federal government helping. That $500 million was divided, under the act, into three parts.

The evolution of what happened to those segments of the $500 million is as follows:

First, $300 million was allocated to the provinces on a per capita basis. I shall call that the per capita allocation. Secondly, $25 million was allocated to the four Atlantic provinces for joint projects of those provinces. So we now have a total of $325 million. Thirdly, $175 million was to be allocated by the Governor in Council on a flexible basis. Therefore, we have $300 million per capita, $25 million for the Atlantic provinces, and $175 million for the Governor in Council to be allocated on a more flexible basis. Those amounts total $500 million.

Contributions approved by the minister are payable to the provinces in amounts up to 50 per cent of the reasonable cost. To be eligible, the projects must be included in a provincial five-year program for the development of health training facilities—not research programs, but facilities. Each provincial five-year program must be approved in principle by the Health Resources Advisory Committee which was set up by the original act. That committee consists of 11 members, ten of whom are appointed by the Lieutenant-Governor in Council of each of the 10 provinces. The eleventh member is the Deputy Minister of National Health and Welfare who serves as the chairman. Since the purpose of the act is to aid the provinces in construction costs—and that includes renovations—of health training facilities, the advisory committee consists of someone representing each one of the provinces plus, as I have said, the Deputy Minister of National Health and Welfare.

● (2100)

Under the provisions of section 4(2)(b) of the act, the Governor in Council, on May 25, 1971, apportioned the $175 million unallocated portion of the Health Resources Fund on the following basis—and please remember that we had $300 million to start with on a per capita basis, $25 million to the Atlantic provinces for joint projects, and $175 million in a joint or flexible fund. In 1971, that sum of $175 million was split again, and $100 million was given to the provinces on a per capita basis according to the 1966 census, so that it was added to the first type, and then $75 million was split for support of health, training and research projects of national significance. There will be a little more about that in a moment.

There is the background. That is what the act first set up, namely, the $300 million, the $25 million, and the $175 million. Subsequently, of that $175 million, $100 million, in effect, was added to that allocated on a per capita basis, and $75 million was for matters of national significance, so we still end up with three parts: the $300 million, to which was added $100 million, making $400 million on a per capita basis, $25 million for the provinces, and the remaining $75 million for projects of national significance.

What has happened since then? As you remember, the act was to run through 1980. The legislation that is before us is going to cut it off before 1980, and limit the contributions to applications made before the date of November 4 referred to in this bill. What has happened is that the total amount committed up to this date is $427.6 million, or 85.52 per cent of the total $500 million appropriated.

Remember that again we have another distinction. To follow what is happening—not that it is that complicated—we have to distinguish between what is appropriated and what is actually spent. That will develop subsequently. The $427.6 million has been appropriated as follows: $105.6 million to medical schools and multi-purpose buildings in health sciences complexes—and we are still talking about facilities, as I have mentioned consistently throughout. Then there is $130.2 million to university hospitals; $91.5 million to affiliated hospitals; $23.3 million to dental schools; and $76 million to nursing schools, dental auxiliary schools and other health manpower training institutions. Those are allocations.

Total payments from the fund since its inauguration stand at $356.9 million, or 71.38 per cent. If anyone is following the arithmetic, the appropriations are $427.6 million, or 85.52 per cent of the total $500 million. Actual payments from the fund are $356.9 million, or 71.38 per cent. Of course, that leaves $70.7 million of the appropriated amount to be paid out—and it will be paid—on submission of claims over the next three or four years. Thirty-three million dollars has been allocated for this fiscal year to meet anticipated claims—that is, claims that are going to come forward because the cut-off applies to the appropriations. Once that has happened, the payments are still going to be made to fulfil the appropriations.

What is the geographic distribution? That is something we should know about. If we look at the geographical distribution of the 243 projects that have been approved, we see the following—and we are talking about amounts appropriated and not necessarily spent—five in Newfoundland, in the amount of $30.5 million; two in Prince Edward Island in the amount of $2.4 million; seven in Nova Scotia in the amount of $34.1 million; 12 in New Brunswick in the amount of $15.5 million; 57 in Quebec in the amount of $104.0 million; 113 in Ontario in the amount of $141.4 million; 11 in Manitoba in the amount of $16.7 million; 10 in Saskatchewan in the amount of $20.3 million; eight in Alberta in the amount of $29.1 million; 17 in British Columbia in the amount of $33.5 million; and one in the Northwest Territories in the amount of $113,000.

With respect to the per capita allocation of $400 million—and remember we started with $300 million, and then took $100 million of the $175 million and put it into the per capita allocation—the amounts committed by province to this date, as a percentage of the $400 million, are as follows. Incidentally, honourable senators, I must put these figures on the record because they relate to one other aspect that we should know about, and that perhaps will be inquired into if the Senate refers the bill to committee, because you will see in a moment that there is a bit of inequity in the distribution of the commitments, and a scheme for the correction of that has been developed. The figures are as follows: Newfoundland, has 100 per cent, $9.8 million; Prince Edward Island, 100 per cent, $2.2 million; Nova Scotia, 85 per cent, $12.9 million; New Brunswick, 100 per cent, $12.3 million; Quebec, 82 per cent,

$94.9 million; Ontario, 100 per cent, $139.1 million; Manitoba, 87 per cent, $16.7 million; Saskatchewan, 100 per cent, $19.1 million; Alberta, 100 per cent, $29.2 million; British Columbia, 88 per cent, $33.1 million; Northwest Territories, 17 per cent, $0.1 million.

In order to improve the equity in distribution of commitments, particularly for Quebec and the Northwest Territories, which are the two provinces showing the lowest percentage of commitments from the per capita allocations, we would have to make available, as an additional step, between $3 million and $4 million. The hope is that these particular problems can be resolved through other means, and those other means could be inquired into at the committee stage if the Senate agrees that this bill should go to a committee.

Now, if we are following this, we might want to know what happended to the $25 million portion of the Health Resources Fund that was set aside for the Atlantic provinces, because remember there were the three elements, namely, the original per capita allocation to which $100 million was added, the $25 million for the Atlantic provinces, and the $75 million for commitments of national significance. We have finished with the first of those subjects. The second, the $25 million portion of the fund, was set aside for the Atlantic provinces. There, in some instances, when combined with other elements of the fund, the federal contribution attained up to 75 per cent of estimated costs, and approvals have fully committed this portion, which indicates a high commitment and utilization rate in the Atlantic provinces, consistent with the original per capita fund, where they were very high also, as we have just seen.

Now I come to the third part, namely, the national significance of special portion of the fund. Remember that we had $175 million less the $100 million, so that that was an amount of $75 million. Of that fund, $32.9 million was committed to projects having a national interest or which demonstrated a unique or innovative element on the national scene.

The 10 projects which have received contributions from this portion of the fund, are as follows:

● (2110)

In Newfoundland, for the construction of the Health Sciences Centre, $10 million. That was a special project to allow them to build their medical school.

There is a dental school at Dalhousie University in Halifax, and that was a special case because it was spread out over the four Atlantic provinces.

There are two in Quebec. There is the Hôpital Neurologique de Montréal, $2,160,399, and that was for special training. There is also a new wing for the Hôpital Neurologique de Montréal, the Aile Wilder Penfield, $4 million, and that was also special training. In Quebec also there is the Institut de Diagnostic et de Recherche Clinique, Montréal at $2.6 million roughly. That was a special because it dealt with hypertension. Another one in Quebec—and this comes under the "national significance" category—is the Laboratoire de la Lèpre, Institut Armand-Frappier, for approximately $300,000. It is concerned with the connection between leprosy and immunology.

[Senator Frith.]

There was an optometry building at the University of Waterloo in Ontario for some $2.3 million and a Dental Nurses' Training School in Regina. The Dental Clinic Building, Saskatoon, involved a unique dental training program for nurses. Then there is a Radiobiology facility in Vancouver for some $450,000.

Each of those items fell within the category of what we have seen fit to call, in this presentation anyway, the third category, the "national significance" category.

I indicated that the fund was established to assist the provinces in constructing or renovating health training facilities in order to have an adequate output in the supply of health manpower throughout Canada. So, honourable senators, now that we have talked about how much money was appropriated, how it was allocated and how much was spent, you might want to know what were the results. The act's program has been successful in providing the necessary facilities to meet the current and anticipated demands for most health disciplines over the next decade or so. So it has essentially achieved its objective, and has, as we have seen, committed and made provision for the spending of almost all of the $500 million.

Since the mid-1960s, when the Health Resources Fund was established—and that was under the original act which our bill is amending—the annual output of graduates from our institutions increased over 100 per cent for most of the disciplines in the health field, and I think it is generally accepted that the programs under the act and their contributions to the provinces for the building of facilities made a very meaningful contribution to that output. For instance, data recorded for graduates in 1966 and 1976, a ten-year period, gives us the following comparison numbers for selected categories:

Annual Number of Graduates in a Selected Number of Health Manpower Categories

| Canada Health Manpower Category | No. of Graduates Per Year at Beginning of Fund | No. of Graduates 1976 |
|---|---|---|
| Audiologists and Speech Therapists | 30 | 147 |
| Biomedical Engineers | 14 | 39 |
| Chiropractors | 39 | 99 |
| Dental Assistants | 58 | 917 |
| Dental Hygienists | 82 | 350 |
| Dentists | 296 | 465 |
| Dieticians | 200 | 281 |
| Health Record Administrators | 172 | 215 |
| Health Service Executives | 30 | 105 |
| Medical Laboratory Technologists | 265 | 1,200 |
| Nurses | 7,387 | 10,051 |
| Nursing Assistants | 3,800 | 5,506 |
| Occupational Therapists | 78 | 237 |
| Optometrists | 34 | 96 |
| Pharmacists | 358 | 646 |
| Physicians | 880 | 1,725 |
| Physiotherapists | 232 | 446 |
| Public Health Inspectors | 40 | 106 |

| Canada Health Manpower Category | No. of Graduates Per Year at Beginning of Fund | No. of Graduates 1976 |
|---|---|---|
| Radiological Technicians | 662 | 708 |
| Respiratory Technologists | 9 | 138 |
| Veterinarians | 103 | 226 |
| TOTALS | 14,769 | 23,703 |

Increase of 8,939

All those figures are of interest, honourable senators, but some are more dramatic than others because what we are looking at is the number of graduates per year when the fund started compared with the number of graduates in 1976, which covers a ten-year period. For example, under dental assistants, which you will find as the fourth on the list, the number of graduates at the beginning when this act took effect was 58, and the number of graduates in 1976 was 917. Dental hygienists: 82 at the beginning of the act's functioning, and ten years later this figure had risen to 350.

I am not skipping any here, honourable senators, in the sense that all of them show an increase, but these are particularly dramatic. Nurses: the number of graduates at the beginning of the period was 7,387 and in 1976 it was 10,051. Physicians: the number jumped from 880 to 1,725. Physiotherapists increased from 232 to 446. Those are some of the examples of the increase in the number of graduates, and, of course, there is no suggestion that this act is entitled to all the credit for that, but it does seem generally accepted that it made a very significant contribution by helping the provinces build the facilities which in turn made it possible to have that kind of increase in graduate output.

Approximately 25 per cent, or over $100 million, of the Health Resources Fund approved has been utilized for the construction, renovation and equipping of research facilities. Remember there are two categories referred to in the act—research and training. The manpower ratios for all disciplines in health has shown continued improvement. For example, the number of health professionals and paraprofessionals to population shows a substantial change over the eight-year period from 1968 to 1976. With your permission, honourabe senators, I should like to place a table on the record which shows the ratio of physicians to population improved from one to 740 in 1968 to one to 578 in 1976. The ratio of nurses went from one to 187 and one to 189. All of these figures show that kind of an improvement. The full list of categories and their ratios is as follows:

| | 1968 | 1976 |
|---|---|---|
| Physicians | 1— 740 pop. | 1— 578 pop. |
| Nurses | 1— 187 pop. | 1— 129 pop. |
| Dentists | 1— 3,013 pop. | 1— 2,438 pop. |
| Pharmacists | 1— 2,010 pop. | 1— 1,557 pop. |
| Psysiotherapists | 1— 8,106 pop. | 1— 5,128 pop. |
| Optometrists | 1—13,981 pop. | 1—12,336 pop. |
| Chiropractors | 1—20,860 pop. | 1—16,278 pop. |
| Medical Lab. Tech. | 1— 2,866 pop. | 1— 1,416 pop. |
| Dental Hygienists | 1—38,397 pop. | 1—13,765 pop. |
| Radiological Technicians | 1— 5,636 pop. | 1— 3,144 pop. |

As a result, we now have a surplus of nurses and an acceptable doctor-population ratio. The ratios for all of the disciplines have improved and will continue to improve in relation to economic and social requirements. Again, at the risk of boring honourable senators, I am not suggesting that this act produced that result all by itself. But, as I said, it does seem to be generally accepted that it played a very significant part, and made a very significant contribution.

What kind of yardstick do we have? I have talked about the relationship of these disciplines to population, but how do we know whether that is good or bad? We know it has improved, but we have to have some yardstick to decide whether the result is good in comparison, but in comparison with what? Well, I have been provided with some comparisons on the international level to serve as a yardstick—and I suppose this is the last year in which we can talk about yardsticks; I don't know what the metric stick is. In any event, using it with some poetic licence, on the international level our manpower ratios compare favourably with a number of other countries. Here I am speaking of the ratio discipline or profession to population. The ratio of physicians in Canada in 1974—not the mid-period but towards the end of the period we are looking at—was better than or equal to that in Australia, the U.S.A., England and Wales, Scotland, Sweden, Norway, Denmark, Finland, Netherlands, Luxembourg, France, Spain, Portugal, and Austria. We were surpassed moderately by Belgium, Italy, West Germany, Switzerland and the U.S.S.R.

As for dentists, Canada fared better than England and Wales, Northern Ireland, Scotland, Netherlands, Belgium, Luxembourg, Spain and Austria. Australia, the U.S.A., Sweden, Norway, Denmark, Finland, West Germany, Switzerland, U.S.S.R. had better ratios. As for nurses, Canada had a better ratio than all countries mentioned except Denmark.

• (2120)

Honourable senators, the fund during the period 1966 to 1978 met the objective of having the necessary facilities—and again I underline that it is facilities we are talking about—on a national basis to train health personnel in such numbers to meet the current and anticipated demands. For example, our medical schools have levelled off on the number of trainees accepted, and some are operating below the potential capacity.

Recently the greater number of projects provided under the fund have been to assist with the expansion and upgrading of teaching hospitals. With the trend now towards a reduction in training positions in these institutions, this type of requirement has diminished.

Honourable senators, in view of the economic conditions and the fact that the program has achieved its planned objective of assisting the provinces with the upgrading and construction of facilities for the training of health personnel in adequate numbers, I recommend that we support Bill C-2. There may be a number of questions. I am sure there are. I suggest with respect that the Senate consider referring this bill to the Standing Senate Committee on Health, Welfare and Science. I thank you for your attention, honourable senators.

**Senator Hicks:** Honourable senators, I understood the sponsor of the bill to say that payments of the balance of the funds allotted or approved by the first week in November 1978 would be made during the next three to four years. My distinct understanding was that all payments had to be made by the end of December 1980, and I should like to hear my honourable friend's comments on that either now or when he can get the information. After I have heard what he has to say, I shall have a few other remarks to make.

**Senator Frith:** I have no instructions that the cutoff date for the payments is to be 1980. My instructions are, as I mentioned, that the payments would be spread out over a period as long as the allocations or commitments have been made.

**Senator Hicks:** Would my honourable friend please verify that, because that is quite important?

**Senator Frith:** Yes.

**Senator Hicks:** Let me just add a word, then, to what has been said, because I have some reservations about this bill. It is a pity that having embarked upon a program which would have made $500 million available for these laudible projects, we should cut it off in midstream. As always happens, of course, it tends to hurt the provinces that find it more difficult to put forth their share of the money. Due to special circumstances, three out of the four maritime or Atlantic provinces managed to get 100 per cent of their moneys in, but note that the rich provinces, Alberta and Ontario, got all of their money in. The amount of money to be saved by doing this is relatively small.

Despite the great achievements that Canadian medical schools and health and research institutions have accomplished—with considerable assistance from this legislation—we do not show up well, when it comes to research including medical research, in comparison with the other industrialized or developed countries of the world.

It seems to me a shame that we have had to cut this off at this stage. I am not unappreciative of the necessity for government restraint. I am concerned about the great deficit that the Government of Canada is running at the present time, but I can think of many other areas where we might serve our people better by cutting back than by cutting back in this important area of teaching and research in the health sciences and in medicine and medically related activities and professions.

I hope that before too long the Government of Canada will be in a position to re-enter support for these kinds of activities that are so important in the complicated world in which we are living today.

**Senator Frith:** Honourable senators, Senator Hicks has characteristically put his finger on the two principles that the Senate committee will want to examine and that the Senate will want to have a report on as a result of that examination.

I would just comment, to underline the questions he has raised, that the position of the government and of the minister—and I am not trying to nit-pick on expressions—is that they are not cutting off in midstream but close to the end of the stream. We are not talking about 50 per cent of the fund but about 85 per cent of the fund. That is something that can be explored, because, after all, 15 per cent of $500 million is still a lot of money and that may be exactly what the honourable senator wants to examine.

I should also like to underline once again, and in so doing sharpen the focus of the committee on this aspect, assuming it goes to committee, that we are not talking about cutting off research projects in the sense that on-stream projects are being stopped by the government. What the government is doing in this particular act is building facilities. The money here does not go to programs but goes to facilities, and it is the position of the government—and the Senate may want to examine this aspect—that the facilities, or most of them, have been built and the research programs that are carried on in those facilities are funded by other sources. They are not funded by this particular bill. That may be the kind of thing my friend Senator Hicks wishes to inquire into.

**Senator Hicks:** Honourable senators, I cannot let that statement go unchallenged. The government has ceased increasing the facilities available for these activities. It is quite true that the activities or projects are supported from different sources, but if the facilities are not there the projects cannot go forth. Before my own medical school at Dalhousie University built its new medical sciences building, we were able to attract research grants amounting to a few hundred thousands of dollars. But, when we got the facility of the new medical sciences building, we multiplied that within a very few years by a factor of from three to five. I cannot remember which exactly.

If we do not go on providing the facilities, then we do not enable good men to attract the research grants that they deserve. I still say that Canada's record in this area is not among the best of the developed nations in the world, and I hope, understanding as well as I do the necessity for financial restraint at the present time, that Canada may be in a position to proceed further with this program, or programs of this nature, in the not too distant future.

**Senator Frith:** As we have seen, I think we will find in the committee that there may be some cases in which facilities should be continued in order to continue with the work, as Senator Hicks has said.

There is some evidence, and you will hear about it at the committee stage, to indicate that in some cases on the other side of it the facilities are there and are not being used even to capacity at the present time. That is the balance I am sure the committee will want to look at.

**Senator Smith (Colchester):** I wonder if I could ask the honourable senator a couple of questions. First, what warning was given to the provinces that this cutoff date would be improved? Second, at that time what projects which had not been approved and which have not yet been approved, if any, were known to the government to be likely to come forward from any province or from all provinces?

**Senator Frith:** Honourable senators, at this stage my instructions can only help me to answer part of the second question. I do not know about the warning to the provinces. I can find out or the matter can be raised at the committee, depending on what Senator Smith prefers.

With respect to the question about the cutoff date, I know of only one project that seems to have come to an undesirable end in terms of not having met the cutoff, and that is one with reference to British Columbia which you may want to ask about at the committee also. I can get information tomorrow for the Senate with respect to the warning given as to the cutoff date, or this question can be dealt with in committee, whatever the Senate wishes.

● (2130)

**Senator Smith (Colchester):** Honourable senators, I appreciate, of course, that all this information could be made available in committee, but it may be very useful in facilitating further debate on the motion for second reading. Consequently, I would be appreciative if the sponsor could find the answer and give it to us tomorrow, if possible.

**Senator Frith:** I agree that this information is relevant to the debate on second reading, and I shall endeavour to provide it to the house tomorrow.

**Senator Marshall:** Honourable senators, Senator Frith indicated there has been an increase in the number of doctors, dentists and nurses. I have to quarrel with that statement, because it is obvious that in isolated and remote areas it is always a problem to provide doctors, dentists and nurses. Doctors do not seem to want to go to remote areas. The honourable senator only gave a sketchy outline of the attributes of the bill.

Does he have a breakdown of the increase in the number of doctors, dentists and nurses in remote areas of the country, particularly in Atlantic Canada? Is there a breakdown that emphasizes the lack of attention remote areas get because doctors and dentists do not want to go to them?

**Senator Frith:** Honourable senators, the figures I gave reflected the improvement in the ratio of doctors, dentists, nurses, and so on, to population. I am sure that the information Senator Marshall wants would be of interest. I suggest, with respect, that it is asking a good deal of legislation, which supplies money to the provinces for training facilities, to expect that it would make provision to send people to places where, as he said, they do not want to go.

If there is any breakdown available, I could present it in committee, and I could ask the departmental officials to give us any material they have. Although it is not strictly related to this bill, it is a matter of substantial interest in the areas referred to by the honourable senator.

**Senator Bell:** Honourable senators, I should like to ask Senator Frith a question. I may have misunderstood the beginning of his lucid dénouement of this bill, but it seems to me that surely one part of the problem with respect to the need for training facilities is that we have 1,000 applicants for every space available in the medical schools of Canada.

Was this explained at the beginning? I cannot understand the rationale. The government proposed that funds be made available until 1980. If we have this tremendous shortage of facilities for training doctors, how can we say that things have improved so much that we are going to cut them off in 1978?

**Senator Frith:** I am not able to agree or disagree that there are 1,000 applicants for every space. There may well be. My experience would indicate that there are many more applicants for medical school than there are admissions. But the reason for refusing admission might not be related to the question of facilities of the type provided for in this bill.

It is possible that the problem raised by Senator Bell is the same as that raised by Senator Marshall. It is a matter of great concern and importance to the country, but it is not really related to this bill. It is only because it happens to deal with the subject matter of training facilities for doctors, among others.

Lack of facilities might not be the reason why people are not admitted to medical school. In fact, instructions I have been given are that in some cases the facilities that have been provided under the bill and pursuant to the bill are not being fully used.

**Senator Macdonald:** In reference to the $25 million allotted to the Atlantic provinces, would the senator tell me if that has been wholly used or wholly committed?

**Senator Frith:** I will have to look that up. I think not, but just give me a moment. The instructions I have are that the $25 million portion of the Health Resources Fund set aside for the Atlantic provinces, in some instances, when combined with other elements of the fund, attained up to 75 per cent of estimated costs. Approvals have fully committed this portion, which indicates a high commitment utilization in the Atlantic provinces. So, the federal contribution is up to 75 per cent of costs, and approvals have been fully committed.

**Senator Forsey:** Honourable senators, I wonder if I might ask the Honourable Senator Frith a question in regard to the bill. Have there been representations on the subject of the bill from the organizations of the health professions generally or from the organizations in any part of the country? As a maritimer *in partibus infidelium,* I am particularly interested in the questions that have been raised by a succession of senators from that part of the country.

**Senator Frith:** That is a very good question. I don't know the answer. I will try to get it by tomorrow. Would the honourable senator like to have it for the debate portion or for the committee portion?

**Senator Forsey:** I would like to have it as soon as possible, yes. I don't want to place upon the Honourable Senator Frith "burdens grievous to be borne."

**Senator Frith:** I will get the answer, as Honourable Senator Forsey says, as soon as possible, no matter how grievous the burden might be.

**Senator Bosa:** Honourable senators. I would also like to put a question to the honourable senator, because he has done so well and has been able to answer so many questions tonight.

Did I understand him correctly when he cited numerical increases from 7,000 nurses to 10,000 nurses in a period of 10 years? What does that represent on a per thousand population of 10 years ago to date. Does that reflect an increase in the percentage on a per thousand basis?

**Senator Frith:** Honourable senators, you would have to compare these two. You would have to work from the two tables.

• (2140)

The example I gave, and the example Senator Bosa chose, was nurses. At the beginning of the period of the funding set up under this act the number was 7,387, and in 1976 it was 10,051. I did not have the relationship to population on that comparative basis. I simply had it on an absolute basis, so you will have to work back from that. You will have to work from the two tables, that is correct. No, I am sorry, that is not right. I did have the 1968 comparison. The tables that appear in *Hansard* show the 1968 to 1976 comparison. However, I only referred to two or three of them. In 1968, for example, the ratio for nurses was 1 to 187 of population, and in 1976 it is 1 to 129. So, the comparisons are on the record.

**Senator Macdonald:** I move the adjournment of the debate to Thursday next.

**Senator Frith:** May I ask for some guidance, honourable senators. In order to obtain the information I have been asked to provide on second reading, may I adjourn the debate in my name so that I can obtain that material, and then Senator Macdonald can adjourn the debate.

**Senator Langlois:** He wishes to adjourn it.

**Senator Frith:** If it is adjourned in his name, when do I provide the material Senator Smith requires?

**The Hon. the Speaker:** When we call the item tomorrow.

**Senator Frith:** I wonder, then, if I could have permission from honourable senators to adjourn the debate in my name.

**An Hon. Senator:** You cannot adjourn the debate.

**Senator Frith:** Let me tell you what I am suggesting, and then honourable senators more experienced than I can tell me what procedure to follow to achieve it. I want to get as much material on the record tomorrow in answer to the questions raised. For example, Senator Smith's question is directly relevant, and can be directly relevant, to second reading debate. Would it not be better for me to put that material on the record and then sit down, and allow Senator Macdonald to adjourn the debate?

**The Hon. the Speaker:** With leave, you will be able to answer all those questions tomorrow.

On motion of Senator Macdonald, debate adjourned.

## NORTH ATLANTIC ASSEMBLY

### TWENTY-FOURTH ANNUAL SESSION, LISBON, PORTUGAL—DEBATE CONTINUED

The Senate resumed from Wednesday, February 14, 1979, the debate on the inquiry of the Honourable Senator McDonald calling the attention of the Senate to the Twenty-fourth annual Session of the North Atlantic Assembly, held at Lisbon, Portugal, from 25th to 30th November, 1978, and in particular to the discussions and proceedings of the session and the participation therein of the delegation from Canada.

[Senator Bosa.]

**Hon. Paul Yuzyk:** Honourable senators, the active participation of senators and members of the House of Commons in the Canadian delegations to the North Atlantic Assembly in recent years, particularly since the Helsinki Agreement of 1975, has won Canada a prominent role in this important international forum. For three years, Paul Langlois, M.P., has been unanimously elected treasurer of this assembly, an important post. For two years, Ralph Stewart, M.P., has been chairman of the Committee of Education, Cultural Affairs and Information. Several Canadian parliamentarians have been elected rapporteurs of committees. They are: Ian Watson, M.P., Committee on Science and Technology; Senator A. H. McDonald, Military Committee; and myself, Subcommittee on the Free Flow of Information and People, which is part of the Committee on Education, Cultural Affairs and Information. This subcommittee meets three times a year.

Our role in the assembly has increased in recent years thanks to the effective leadership of the Canadian NATO Parliamentary Association, of which our colleague, Senator A. H. McDonald, is at present chairman. I want to congratulate him not only on his election to this responsible position for which, because of his knowledge and experience, he is highly qualified, but also on his untiring efforts and leadership.

Our delegations have been well chosen and fully briefed on all matters of concern to the NATO Alliance, and consequently have been able to play an important and often decisive part in the work of all the committees and the plenary sessions. Our effectiveness has greatly improved after the adoption of the principle of continuity of delegations—not more than one-third turnover each year—and because of our unanimous stand on matters deliberated by the assembly. Unlike most of the other NATO members, Canadian delegations have pursued a bi-partisan approach and stance, always presenting a united front. This has been the strength of Canada, and has won us respect, recognition and prestige at the North Atlantic Assembly meetings.

We can indeed be proud of the participation and the admirable job done by Senator McDonald. His speech in the Senate the other day demonstrated his profound knowledge of the military aspects of the alliance.

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

**Senator Yuzyk:** The factual information that he conveyed to this chamber is to all freedom-loving democrats frightening, alarming and shocking. The Soviet Union and the Warsaw Pact countries have about 300,000 more troops on their front-line in Europe than do NATO countries, backed by 30,000 tanks against our 9,000 tanks, and heavy, light and rocket artillery in the ratio of two to one. The Soviet Union continues to produce tanks, artillery and missiles on a large scale, far outstripping the NATO countries.

The U.S.S.R. today possesses the largest navy in the world, which is constantly expanding at a rapid rate and whose presence is seen in every ocean of the world. It has the largest air force, with superior and advanced aircraft, of which some 800 planes are capable of bombing North America and returning home. Its defence budget is estimated at about 13 per cent, and this has been rising annually. It is more than double that of the United States and much higher than that of other NATO countries. This is a bitter pill for us to swallow.

The threat to NATO is greater today than it has ever been since its inception in 1948. Let us keep in mind that Soviet Premier Khrushchev stated in Vienna that the Russian communist regime was out to bury the west. It has consistently been the aggressor, expanding the Soviet Russian empire by taking over the European satellites. It has been interfering militarily in the internal affairs of many countries throughout the world and plotting to overthrow many existing governments and setting up communist puppet governments.

The West cannot rely on the hostility between Red China and Soviet Russia to save the situation. If the democracies hope to survive, they cannot remain complacent and indifferent, but must take measures immediately to strengthen substantially the defence capabilities of NATO while there still is time left. Canada, spending only 1.8 per cent of its GNP for defence purposes, must contribute its proper share by increasing considerably its budget for defence purposes and giving co-operation to improve all aspects of the alliance.

● (2150)

While bolstering our defences against a possible attack and aggression of the Soviet Union, the West must also viably counteract communist propaganda designed to subvert our democracies. In this respect we have a very strong weapon—the propagation and the defence of human rights. Fortunately, a great opportunity was given to us by the Helsinki Agreement of 1975, which was signed by the U.S.S.R. and the Warsaw Pact states, and which was reviewed at the Belgrade Conference culminating in the "Concluding Document". Having been an observer at this conference, I presented my report to the Senate on April 5 last.

When we look back at the Helsinki Declaration of 1975 we must remember that the Western democracies and the Soviet Union with it satellites signed this Final Act with different and diverging motives and objectives. The Western countries, particularly those in NATO, stressed paramountly the respect of human rights and a freer exchange of ideas and people across the borders in order to gradually liberalize the communist societies, and thus bring them closer to our Western societies. The Soviet Union with the Warsaw Pact countries, however, stressed the relaxation of tensions in Europe through the détente, the ratification of the international borders that had been established by the Soviet occupation of the Baltic States and the satelittes, freer trade and accessibility to Western technology, thus regarding the Helsinki Accord as a kind of peace treaty ending the Second World War.

In assessing the implementation of the Final Act at the Belgrade Conference both sides judged the outcome from their own point of view. There was some agreement that progress, even how little, had been made and therefore the exercise was considered worthwhile. The West, however, was greatly disappointed that the Soviet Union down-played the issue of human rights, assailing the Western democracies for interfering in the internal affairs of the Soviet Union and the "socialist countries" and defending all dissidents, who were regarded by the U.S.S.R. as criminals.

One thing must be made very clear at this time. The signatories of the Helsinki Final Act are not allies. The 15 NATO countries are allies dedicated to the principles of freedom, democracy and human rights. The Warsaw Pact countries, under the leadership of the Soviet Union, are their own allies, dedicated to the propagation of communism, the destruction of capitalism and world revolution—the antithesis of the way of life that we hold dear. The communist bloc countries evidently are our enemies. In our dealings with them, this must always be kept in mind. They treat the Western democracies as enemies.

There are circles that look upon the Belgrade conference with cynicism and despair, and understandably so. It does appear that the Soviet Union has no intention of honouring the Helsinki promises, while at the same time it is increasing repressive measures against the dissidents as well as increasing its military might. But one must not lose sight of the efficacy of the Helsinki principles and the Helsinki process.

The publication in Pravda in Moscow of the full texts of the Helsinki Accords in the fall of 1975 gave a new impetus to the Soviet dissidents and to the human rights movement in the U.S.S.R. On May 12, 1976, a Helsinki monitoring group was organized in Moscow, headed by Academician Yuri Orlov. Later in November a similar group was formed in Kiev, Ukraine. The chairman, Mykola Rudenko, and the secretary of this group, Yury Tykhy, were arrested in February 1977, and later tried, the former receiving a seven-year prison term and five years' exile, and the latter a 10-year term and five years' exile. Both houses of the Canadian Parliament unanimously protested these arrests and requested the prisoners' release, but to no avail. Other Helsinki monitoring committees sprang up in Lithuania, Georgia and Armenia.

Russian activists such as Sakharov, Solzhenitsyn, Bukovsky, Alekseyeva, and others supported these groups. Despite repressions, arrests and expulsions of some leading dissidents, the human rights movement appears to be steadily growing in the U.S.S.R. and other communist countries, as is evident from the severe sentences meted out to Shcharansky, Ginsburg, Orlov and Lukianenko, and the steady persecution of religion and religious leaders and activists.

These courageous people, who are risking their lives for the cause, are fully aware that the Soviet Union torpedoed the human rights issue at the Belgrade Conference. The Soviet dissidents, as well as those in the satellite countries, are pinning their hopes on the implementation of the Helsinki principles. Consequently, we who believe in these principles cannot let them down. The Helsinki process must continue and

become more effective at the forthcoming Madrid Review Conference in 1980.

In response to critics who state that increased pressure from the West impels the Kremlin forcibly to crush dissent, Andrei Sakharov, the father of the Soviet hydrogen bomb, Nobel Prize winner, and the guiding light of the human rights movement in the U.S.S.R., said that détente unaccompanied by increased trust and democratization was a danger, not a blessing, that rapprochement without democratization in the U.S.S.R. was worse than no rapprochement at all. With unswerving faith in the cause of human rights, Sakharov, on behalf of the dissidents, makes the following appeal to the Western democracies:

> Resolute and ever-growing pressure by public and official bodies of the West—up to the highest—the defence of principles and of specific people can only bring positive results. Every case of human rights violations must become a political problem for the leaders of the culprit countries.

The four annual sessions of the North Atlantic Assembly, which were held subsequent to the signing of the Helsinki Final Act, placed great emphasis on "a comprehensive application of the Helsinki Principles", particularly on the free flow of information and people. Member governments of NATO were urged "to monitor carefully the implementation of human, cultural, educational and information obligations".

A Standing Subcommittee on the Free Flow of Information and People was established, and it has been regularly publishing a quarterly bulletin—I have issue number nine before me—for which I am now responsible. It has been intensively presenting the monitoring of the Helsinki Act by most of the NATO countries. The Canadian government has been fully co-operating in the monitoring process. This constant monitoring pressure, which has already yielded some tangible results—family reunification, for example—will continue and will be reviewed at the Twenty-fifth North Atlantic Assembly in Ottawa this fall.

It should be noted that at the North Atlantic Assembly annual session in Lisbon, Portugal, last November, delegates displayed irritation at the prospects of the Review Conference scheduled to be held in Madrid, Spain, in the fall of 1980. The Committee on Education, Cultural Affairs and Information, fully supporting the stance of the Subcommittee on the Free Flow of Information and People, made the following statement:

● (2200)

> It was the strong opinion of the majority of the members of this committee that "quiet diplomacy" having failed it was now the time for the governments of the North Atlantic Alliance to pursue the policy of "greater realism" by taking a firm stance towards the Soviet-bloc governments in the implementation of the human rights clauses of the Helsinki Accords. We as members of democratic parliaments should be more outspoken in leveling just criticism where it belongs.

[Senator Yuzyk.]

A resolution adopted by the Assembly urged member governments to maintain "broad co-operation and consultation within the North Atlantic Alliance with a view towards developing a common Alliance position at Madrid."

The Sub-Committee on the Free Flow of Information and People presented a lengthy report of its activities and recommendations, which were fully adopted by the Committee on Education, Cultural Affairs and Information. The chapter headed "From Belgrade to Madrid" deals with the Belgrade Conference, recommending firm and growing pressure on the governments of the Soviet Union and Eastern Europe, but that care should be taken to avoid measures of doubtful use which might imperil peaceful co-existence between the peoples of Europe. Member governments are asked to start active preparation for the Madrid Conference in 1980, at which human rights provisions should be dealt with on the same footing as the other CSCE agreements.

A chapter on the implementation of the human rights provisions provides a detailed account of the implementation of Principle VII and Basket III provisions of the Final Act of the CSCE. Little or no progress has been made in these fields, except slightly in the re-uniting of families. There has been some improvement in East-West relations. The chapter on religion in the Warsaw Pact countries gives a country-by-country assessment of the religious situation, noting that anti-religious propaganda, harassment and persecution of believers continues in most of the communist countries, although some concessions have been made to church authorities in Poland, Hungary and Romania. The recent election of a Polish cardinal as Pope John Paul II will greatly affect the religious situation in the communist countries.

For the first time, a new chapter was included in the rapporteur's report. Under the heading "The Underground Press in the U.S.S.R. and Certain European Countries", it notes that in contrast with the monopoly of the state over all forms of communication, a vast underground press, named Samizdat, meaning self-publishing, has grown up in the Soviet Union and its satellites; it fulfills progressively the same role as the free press in our democratic societies by drawing attention to the gap between the regime's policies and day-to-day reality.

This information was gathered from the archives of Radio Liberty in Munich and from three experts, General Petro Grigorenko and Ludmilla Alekseyeva, Soviet dissidents recently released from the U.S.S.R., and Dr. B. R. Bociurkiw, professor of Political Science at the University of Carleton, Ottawa, all of whom testified at the sub-committee meeting in Ottawa on September 8 and 9, 1978. The great present and potential influence of this underground press does not receive the attention that it deserves in the Western press. A better flow of information between East and West would make it possible to support more effectively democratic elements in Eastern Europe.

Great emphasis was placed on the vital importance of the quarterly publication, *The Bulletin*, the only public medium that constantly and intensely monitors the implementation of

the humanitarian issues of the Helsinki Accords. Originating on a trial basis in 1976, the rapporteurs of the Sub-Committee on the Free Flow of Information and People have since then published 9 issues; in the last year it has become a quarterly publication. It is sent to members of the Assembly, interested parliamentarians, to international organizations, such as other North Atlantic bodies, universities and research institutes as well as to selected government offices and media representatives. Since the circulation has remained limited to about 500, an inquiry has been requested of each national delegation to the Assembly with a view to expanding the circulation of this important, informative publication that is one of the instruments which should be maintained with a view to the forthcoming review conference in Madrid.

The Twenty-fourth session of the North Atlantic Assembly attached paramount importance to the freedom of the press and of information as an essential and indispensable condition in any democratic system, to the strengthening of peace and international understanding and to the promotion of human rights. Information has become Western diplomacy's powerful weapon, considered in the East as a most dangerous threat to the Communist regime. This becomes obvious when we realize that the Soviet government spends more money jamming Western broadcasts than it does on its own international broadcasts and continues to exert political pressure to silence such stations as Radio Free Europe, Radio Liberty and others. Resolutions were passed urging member governments of the North Atlantic Alliance to increase the number of transmitters and to provide sufficient radio spectrum for shortwave broadcasting to the Iron Curtain countries.

Honourable senators, I believe that many of our colleagues in this chamber and readers of these debates might be interested in the full texts of the above-mentioned resolutions and also the others presented by the various committees and adopted by the Assembly. There are 10 resolutions, 5 recommendations and one order. With leave, I move, seconded by Senator Macdonald, that the texts adopted by the North Atlantic Assembly at its twenty-fourth annual session, Lisbon, November 25-30, 1978 be appended to the *Debates of the Senate* of to-day.

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

**Hon. Senators:** Agreed.

*(For copies of texts see Appendix "C".)*

**Senator Yuzyk:** I think that senators should be aware that Canadian parliamentarians in Ottawa have been actively involved in promoting and defending human rights. In June 1977, a Canadian Parliamentary Helsinki Group, chaired by the Honourable Martin O'Connell, was established on Parliament Hill, composed of members of all parties. It has heard briefs from the Canadian Committee of Captive European Nations and other groups, and has brought their requests to the attention of the Canadian government. It has brought to the attention of parliament matters related to the violations of human rights by the Soviet-bloc countries, has come to the defence of prisoners of conscience and dissidents, has worked actively for the re-uniting of families in Canada, has sponsored 18 parliamentary observers to the Belgrade Review Conference and sponsored a resolution nominating the five Helsinki monitoring groups in the Soviet Union—Moscow, Ukraine, Lithuania, Georgia and Armenia—for the 1978 Nobel Peace Prize. Since this was not realized last year, the United States Congress has recently re-nominated the same Helsinki Monitoring groups in the U.S.S.R. for the 1979 Nobel Peace Prize. It will be proposed that the Canadian Parliament follow suit in this matter soon. In order to achieve its purposes, the Canadian Parliamentary Helsinki Group approves not only "quiet diplomacy" but also "loud diplomacy" as expressed through peaceful public demonstrations of citizens, protests in the press and in parliamentary and legislative assemblies.

• (2210)

Since Mr. O'Connell has recently become Minister of Labour, a new chairman, Charles Caccia, M.P., from Toronto was elected in his place. Senator Jean Marchand and myself represent the Senate on the steering committee. Many senators are members of this group and all other senators are invited to join and give support to its positive, dedicated and unselfish work.

Honourable senators, in his speech last week, Senator McDonald proposed that in view of the Soviet threat to Western Europe, North America and NATO, a committee structure should be established in the Senate to study defence matters on an ongoing basis rather than as a one-shot affair.

Senator Allister Grosart was of the opinion that arrangements could be easily made to have the question of national defence referred to the Standing Committee on Foreign Affairs as well as questions of external trade, foreign aid and immigration. International agreements and treaties should also be discussed in the chamber. The Senate, in his opinion, should have the right to ratify international agreements and treaties, which hitherto have never been referred to the Canadian Parliament. This also applies to policies of the government which are not enacted by legislation. Most second chamber legislatures, notably that of the United States, follow this practice. I endorse this idea. It is time that we adopted this practice. The Foreign Affairs Committee should commence in the near future to examine national policies in the mentioned areas, as we have the expertise and it would serve the best interests of our country.

I should like to conclude with an exhortation that the Senate should study in a systematic manner world affairs that affect Canada, our institutions and our way of life. In the defence of freedom and democracy, Canada must improve her commitments to NATO. Human rights and peace must be the cornerstone of Canadian foreign policy.

We should soon commence preparations to host the Twenty-fifth Session of the North Atlantic Assembly in Ottawa this coming October. Let us give an enthusiastic welcome to the delegations of the 15 NATO countries on the occasion of the twenty-fifth anniversary which will manifest the solidarity of our democratic alliance.

**Senator Bosa:** Honourable senators, I should like to put a question to Senator Yuzyk. At the very beginning of his remarks he referred to the percentage of the gross national product which Canada invests in defence matters. He said, I believe, that it was about 1 per cent.

**Senator Yuzyk:** It is 1.8 per cent.

**Senator Bosa:** And then he referred to the Soviet Union and said it invests 13 per cent. Is that of the gross national product? Does that exceed the total allocation of the United States budget of defence, and, if so, what does that 13 per cent represent in dollars and cents or in rubles for that matters?

**Senator Yuzyk:** I believe Senator McDonald is in a better position than I am to answer that. He discussed this matter the other day. I understand that this figure of 13 per cent is of the gross national product, but there are a number of other hidden aspects of the budget that also deal with military affairs and defence. This leads us to believe that there is a much larger percentage of the budget designated for military purposes than we know.

**Senator McDonald:** Honourable senators, I am not able to give the figure in actual dollars as against rubles for the Soviet Union so as to compare the United States with the Soviet Union. I realize that the gross national product of the United States is one of the largest in the world, whereas that is not the case with the Soviet Union. The United States at the present time is spending just under 6 per cent of its gross national product on defence. As Senator Yuzyk has said, the Soviet Union admits to spending something between 13 and 14 per cent, but there are tremendous amounts of money in addition to that that are spent on defence matters in R & D that are hidden away in other activities of the government and that do not show up. I could not give you in actual or converted rubles what the comparison would be as between the United States and the Soviet Union.

Honourable senators, on behalf of Senator Lafond, I move the adjournment of the debate until Thursday next.

On motion of Senator McDonald, for Senator Lafond, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See p. 564*)

### FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS ON THE CONSTITUTION

List of "Best Effort" Draft Proposals
With Joint Government Input Discussed
By First Ministers

(Draft Proposal Discussed by First Ministers)

### RESOURCE OWNERSHIP AND INTERPROVINCIAL TRADE

| | |
|---|---|
| (1) (present Section 92) | (1) Carries forward existing Section 92 |
| *Resources* | |
| (2) In each province, the legislature may exclusively make laws in relation to<br>a) exploration for non-renewable natural resources in the province;<br>b) development, exploitation, extraction, conservation and management of non-renewable natural resources in the province, including laws in relation to the rate of primary production therefrom; and<br>c) development, exploitation, conservation and management of forestry resources in the province and of sites and facilities in the province for the generation of electrical energy, including laws in relation to the rate of primary production therefrom. | (2) The draft outlines exclusive provincial legislative jurisdiction over certain natural resources and electric energy within the province. These resources have been defined as non-renewable (e.g. crude oil, copper, iron and nickel), forests and electric energy. This section pertains to *legislative* jurisdiction and in no way impairs established *proprietary* rights of provinces over resources whether these resources are renewable or non-renewable. |
| *Export from the province of resource* | |
| (3) In each province, the legislature may make laws in relation to the export from the province of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for prices for production sold for export to another part of Canada that are different from prices authorized or provided for production not sold for export from the province. | (3) Provincial governments are given concurrent legislative authority to pass laws governing the export of the resources referred to above from the province. This legislative capacity is in the sphere of both interprovincial and international trade and commerce. Provincial governments are prohibited from price discrimination between resources consumed in the province and those destined for consumption in other provinces. This new provincial legislative capacity applies to these resources in their raw state and to them in their processed state but does not apply to materials manufactured from them. |

*Relationship to certain laws of Parliament*

(4) Any law enacted by the legislature of a province pursuant to the authority conferred by subsection (3) prevails over a law enacted by Parliament in relation to the regulation of trade and commerce except to the extent that the law so enacted by Parliament,

a) in the case of a law in relation to the regulation of trade and commerce within Canada, is necessary to serve a compelling national interest that is not merely an aggregate of local interests; or

b) is a law in relation to the regulation of international trade and commerce.

(4) The effect of this new provincial legislative responsibility over trade and commerce diminishes the scope but does not eliminate the federal government's exclusive authority over trade and commerce. The exercise of the provincial power is subject to two limitations. First, the federal government may legislate for interprovincial trade if there is "compelling national interest". This trigger mechanism may apply to circumstances other than an emergency as established under the peace, order and good government power. Second, federal laws governing international trade prevail over provincial laws in international trade, in effect establishing a concurrent power similar to that for agriculture.

*Taxation of resources*

(5) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

a) non-renewable natural resources and forestry resources in the province and the primary production therefrom; and

b) sites and facilities in the province for the generation of electrical energy and the primary production therefrom,

whether or not such production is exported in whole or in part from the province but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

(5) Provincial powers of taxation are increased to include indirect taxes over the resources outlined in this section—whether these resources are destined in part for export outside the province. These taxes are to apply with equal force both in the province and across the rest of the country.

*Production from resources*

(6) For purposes of this section,

a) production from a non-renewable resource is primary production therefrom if

i) it is in the form in which it exists upon its recovery or severance from its natural state, or

ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil or refining a synthetic equivalent of crude oil; and

b) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood.

(6) In determining the scope of provincial legislative powers over resources exported from the province, it became necessary to define the degree to which the resource was processed. It is not intended to extend provincial authority to manufacturing but it is intended to extend it to something beyond its extraction from its natural state. Given the varying resources covered by this section, the wording of this subsection is thought to place the appropriate limitations on provincial powers.

*Existing Powers*

(7) Nothing in subsections (2) to (6) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of those subsections.

(7) This clause ensures that any existing provincial legislative powers found in s. 92 are not impaired by the new section.

## LIST OF ALTERNATIVES COVERING THE DISPOSITIONS OF SECTION 109

*Option 1* — Maintain the status quo, do not carry forward Section 109.

*Option 2 (a)*

Property in lands, mines, etc. — *"123.1 All lands, mines, minerals and royalties belonging to any province immediately before this section comes into effect, and all sums then due or payable in respect of any such lands, mines, minerals and royalties, belong immediately after this section comes into effect to the province or are then due and payable, subject to any trusts existing in respect thereof and to any interest other than that of the province therein."

*Option 2 (b)*

Ownership of property — *"123.1 All property belonging to any province immediately before this section comes into effect, belongs immediately after this section comes into effect to the province, subject to any trusts existing in respect thereof and to any interest other than that of the province therein."

*Option 3*

Ownership of property — "127.1 Nothing in this Act changes the ownership in any property owned by Canada or a province immediately before the coming into force of this Act."

*Note: Numbering is tied in to numbering found in Bill C-60.

## INDIRECT TAXATION

Taxation within the province by any mode or system of taxation for provincial purposes, except indirect taxation that a) constitutes a tax on the entry into or export from the province or otherwise has effect as a barrier or impediment on interprovincial or international trade, or b) is so imposed that the burden of the tax is passed outside the province.

## SUPREME COURT

*The Supreme Court of Canada*

Supreme Court of Canada Constitution of Supreme Court — 1. There shall be a general court of appeal for Canada called the Supreme Court of Canada.

2. The Supreme Court of Canada shall consist of a chief justice, to be called the Chief Justice of Canada, and eight other judges, who shall be appointed by the Governor General.

Eligibility for appointment — 3. (1) A person is eligible to be appointed as a judge of the Supreme Court if, after having been admitted to the bar of any province, the person has, for a total period of at least ten years, been a judge of any court in Canada or a barrister or advocate at the bar of any province.

Appointment of judges from Quebec — (2) At least three of the judges of the Supreme Court shall be appointed from among persons who, after having been admitted to the bar of Quebec, have, for a total period of at least ten years, been judges of any court of that province or of a court established by Parliament or advocates at the bar of Quebec.

Procedure on vacancy — 4. Where a vacancy in the Supreme Court occurs, the Minister of Justice of Canada shall consult with the Attorney General of the province or Attorneys General of the provinces from which the persons being considered for appointment come.

Tenure of office of judges of Supreme Court — 5. (1) The judges of the Supreme Court hold office during good behaviour until they attain the age of seventy years but are removable by the Governor General on address of the Senate and the House of Commons.

Salaries, allowances and pensions of judges of Supreme Court — (2) The salaries, allowances and pensions of the judges of the Supreme Court shall be fixed and provided by Parliament.

Ultimate appellate jurisdiction of Supreme Court — 6. The Supreme Court has exclusive ultimate appellate civil and criminal jurisdiction within and for Canada.

Appeals with leave of Supreme Court — 7. An appeal to the Supreme Court lies with leave of the Supreme Court from any judgment of the highest court of final resort in a province, or a judge thereof, in which judgment can be had in the particular case sought to be appealed to the Supreme Court, where, in

the opinion of the Supreme Court, any question involved is one that ought to be decided by it.

Appeals from references by Lieutenant Governor

8. An appeal to the Supreme Court lies from an opinion pronounced by the highest court in a province on any matter referred to it for hearing and consideration by the Lieutenant Governor in Council of that province.

Additional Appeals

9. In addition to any appeal provided for by this division, an appeal to the Supreme Court lies as may be provided by any Act of Parliament.

Laws respecting jurisdiction of Supreme Court; references of questions of Law or fact

10. Parliament may make laws authorizing the reference of questions of law or fact to the Court and requiring the Court to hear and determine such questions.

Questions relating to civil law of Quebec

11. Where any case before the Supreme Court involves a question of law relating to the civil law of Quebec and no other question of law, that case shall be heard by a panel of five judges at least three of whom have the qualifications described in section 3 or, with the consent of the parties, by a panel of four judges at least two of whom have those qualifications.

Organisation, maintenance and operation of Supreme Court

12. Parliament may make laws providing for the organization, maintenance and operation of the Supreme Court, and the effectual execution and working of this division and the attainment of its intention and objects including laws providing for the appointment of such ad hoc judges as may be necessary to ensure quorums.

*Courts for Better Administration of Laws of Canada*

Constitution of courts for better administration of laws of Canada

13. Parliament may, notwithstanding anything in the Constitution of Canada, from time to time provide for the constitution, organization, maintenance and operation of courts for the better administration of the laws of Canada, but no law providing for the constitution, organization, maintenance or operation of any such court shall derogate from the jurisdiction of the Supreme Court of Canada as a general court of appeal for Canada.

*Appointment and Tenure of Office of Judges of Superior, District and County Courts and their Salaries, Allowances and Pensions*

Appointment of judges of superior, district and county courts

14. The Governor General shall appoint the judges of the superior, district and county courts in each province, except those of the courts of probate in Nova Scotia and New Brunswick.

Procedure on vacancy

15. Where a vacancy occurs in the superior, district or county court of a province, the Minister of Justice of Canada shall consult with the Attorney General of the province as to persons being considered for appointment.

Selection of judges appointed by Governor General

16. The judges of the courts in each province appointed by the Governor General shall be selected from among members of the bar of the province or from among judges who were members of the bar of the province prior to their appointment as judges.

Tenure of office of judges of superior courts

17. The judges of the superior courts of the provinces hold office during good behaviour until they attain the age of seventy years but are removable by the Governor General on address of the Senate and the House of Commons.

Salaries, allowances and pensions of judges generally

*18. The salaries, allowances and pensions of the judges of the superior, district and county courts in each province, except the courts of probate in Nova Scotia and New Brunswick, shall be fixed and provided by Parliament.

Deputy judges

19. (1) For the purpose of enabling persons being tried or giving evidence in any superior, district or county court in a province to exercise any right they may have by law to be tried or heard in English or French according to their choice, the Governor in Council may, notwithstanding sections 16 and 17, at the request of the Attorney General and appropriate chief justice of the superior court or chief or senior judge of the district or country courts of that province, appoint any persons who have been judges of a superior, district or country court, of any other province, or any persons who are judges of such a court, of any other province, or any persons who are judges of such a court of any other province with the consent of the Attorney General and appropriate chief justice or chief judge of such province, to be deputy judges of any superior, district or county court in the province on behalf of which the request is made.

Tenure of office of deputy

(2) A deputy judge may be appointed pursuant to this section for any period of time during which period, he or she shall perform

judges — such duties as are assigned by the appropriate chief justice or chief judge, and his or her appointment may be terminated at the pleasure of the Governor in Council.

Interpretation — 20. For the purposes of this Division, the term "province" includes the Yukon Territory and the Northwest Territories.

## FAMILY LAW

1. Repeal head 26 of section 91—"Marriage and divorce".

2. Repeal head 12 of section 92—"The solemnization of marriage in the Province" and substitute therefore "Marriage, including the validity of marriage in the Province".

3. Add after section 95 the following section:

95A(1) The Legislature of each Province may make laws in relation to divorce in the Province, except that Parliament has exclusive authority to make laws in relation to the recognition of divorce decrees granted within or outside Canada, and in relation to the jurisdictional basis upon which a court may entertain an application for divorce.

(2) The Parliament of Canada may make laws in relation to divorce, except that the Legislature of each Province has exclusive authority to make laws in relation to alimony, maintenance, custody and any other relief corollary to divorce.

(3) Where the Legislature of a Province enacts a law in respect of any of the matters in which it has concurrent authority with the Parliament of Canada under this section, the Parliament of Canada ceases to have authority [in respect of that Province] in all concurrent matters under this section while any such law of the Legislature continues in force.

4. Add to section 96 of the B.N.A. Act the following subsection:

"(2) Notwithstanding that the judges are not appointed under subsection 1, the legislature of a province may confer, or authorize the Lieutenant Governor of the province to confer, concurrently or exclusively, upon any court or division of a court or all or any judges of any court, the judges of which are appointed by the Lieutenant Governor of the province, the jurisdiction of a judge of a superior court of the province in any matters arising out of family relationships, including divorce, annulment of marriage, decrees of validity or nullity of marriage, separation, support, maintenance, adoption, custody, access, affiliation, family property, and rights and obligations among members of a family recognized as such in law".

5. Add in the transitional provisions of the Act a provision for the continuation of the application of the Divorce Act (Canada) in respect of corollary relief for a period sufficient to allow Provinces to put their legislation in place.

## EQUALIZATION AND REGIONAL DEVELOPMENT

"96(1) Without altering the legislative authority of Parliament or of the legislatures or of the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the Government of Canada and the Governments of the Provinces, are committed to

(a) promoting equal opportunities for the well-being of Canadians;

(b) furthering economic development to reduce disparity in opportunities for social and economic well-being; and,

(c) providing essential public services of reasonable quality to all Canadians.

(2) Parliament and the Government of Canada are further committed to the principle of making equalization payments to provinces that are unable to provide essential public services of reasonable quality without imposing an undue burden of taxation, or to the principle of making arrangements equivalent to equalization payments to meet the commitment specified in Section 96(1)(c)."

(3) The Prime Minister of Canada and the First Ministers of the Provinces shall review together the questions of equalization and regional development at least once every five years at a meeting convened pursuant to section 97.

## SPENDING POWER

*Legislative Text*

Renumber section 91 of the B.N.A. Act as subsection 91(1) and add the following:

*Alternative (2) A*

The Parliament of Canada may make laws for the expenditure of money, or for conferring a benefit equivalent to that which would result from the expenditure of money, in relation to any matter not coming within the legislative jurisdiction of Parliament, and not within the concurrent legislative jurisdiction of Parliament and the legislatures where a law of Parliament has paramountcy, subject to such of the following conditions and restrictions as are applicable in any particular case.

*Alternative (2) B*

(2) The Parliament of Canada may make laws for the expenditure of money, or for conferring a benefit equivalent to that which would result from the expenditure of money, subject to such of the following conditions and restrictions as are applicable in any particular case.

(3) A law of Parliament referred to in subsection (2) that provides for payments to all provinces, or for conferring a benefit capable of providing an equivalent to that which would result from payments to them, and that is such that the payments are or the benefit is conditional on expenditures by the provinces or the foregoing of revenue by them, is of no force or effect unless authorized by the governments of a majority of the provinces that have, according to the then latest general census, at least 50% of the population of Canada.

*Alternative (4)A*

(4) A law of Parliament referred to in subsection (3), notwithstanding that it is authorized as provided in that subsection, is of no force or effect unless it provides for payments or benefits to individuals residing in a province that does not accept payments or benefits thereunder that are in amounts determined by or pursuant to a provision of such law.

*Alternative (4)B*

(4) A law of Parliament referred to in subsection (3), notwithstanding that it is authorized as provided in that subsection, is of no force or effect unless it provides for payments to a province that does not accept payments or benefits in accordance with the general provisions of the law that are equivalent in amount to the payments or benefits that would otherwise have been provided to it under the law.

(5) Subsections (3) and (4) apply whether or not the payments provided or the benefits conferred are provided or conferred on terms or conditions that may vary as between provinces.

(6) A law of Parliament referred to in subsection (2) that provides for payments to individuals or bodies, other than provincial governments, in all provinces and the significantly affects the programs of a province is of no force or effect unless, prior to the enactment thereof, the Government of Canada has consulted with the government of each province whose programs could be so affected.

(7) Where the Government of Canada is of the opinion that a measure providing for payments as described in subsection (6) that it proposes to introduce for enactment by Parliament will affect the programs of a province, it shall consult with the government of that province before introducing the measure.

(8) A law referred to in subsection (6) shall be deemed not to have the effect therein referred to unless, prior to the enactment of the law, the government of a province has, in writing, advised the Government of Canada that, in its opinion, the law will have such an effect.

(9) Where the government of a province has advised the Government of Canada as provided in subsection (8) in relation to a particular measure, a copy of the instrument reflecting such advice shall forthwith be laid before Parliament and thereupon no further consideration shall be given to the measure in Parliament for a period of ninety days or such lesser number of days as is agreed to by the government of the province, during which period the government of Canada shall consult with the government of the province in relation to the measure at a meeting convened for that purpose or in such other manner as is agreed upon.

## DECLARATORY POWER

1. Amend head 92.10(c) to read as follows: "(c) Such works as, although wholly situate within the province, are before or after their execution declared by Parliament to be for the general advantage of Canada, or for the advantage of two or more provinces, for purposes indicated in the declaration."

2. Add new subsections to section 92 which for the purposes of this draft are numbered as follows:

Requirement to consult with respect to use of declaratory power of Parliament

"92. (2) Before Parliament declares any work to be for the general advantage of Canada or for the advantage of two or more provinces

(a) the government of Canada shall consult with the government of the province or the governments of each of the provinces in which the work is situate; and

(b) if the consultation under paragraph (a) does not result in an agreement that the work be so declared, the Prime Minister of Canada shall consult the first ministers of the provinces about the proposed declaration at a first ministers' conference.

Declaration on failure on consultation

(3) Where, after the consultation required by subsection (2), an agreement has not been reached that a work be declared to be for the general advantage of Canada or for the advantage of two or more provinces, a declaration under paragraph 92(1) 10(c) shall have effect only for such period not exceeding five years from the effective date of the declaration as is stated in the declaration but nothing in this subsection prohibits Parliament from making a further declaration in respect of the work after the requirements of subsection (2) have again been fulfilled.

Limitation on Declaratory Power with respect to resources

(4) No declaration under paragraph 92(1) 10(c) shall be made by Parliament without the prior consent of the government of the province in which the work to be so declared is situate if it is a work for

(a) the primary production or initial processing of any non-renewable or forestry resource; or

(b) the generation of electrical energy.

Revocation or limitation of declaration

(5) Parliament may revoke any declaration of a work to be a work for the general advantage of Canada or for the advantage of two or more provinces made before or after the coming into force of this section and may limit or, subject to subsections (2) to (4), extend the purposes for which any such declaration had been made."

## APPENDIX "B"

(*See p. 564*)

## FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS ON THE CONSTITUTION

(Federal Draft Proposal Discussed by First Ministers)

### COMMUNICATIONS

Cable Distribution

1. In each province the legislature may make laws in relation to cable distribution within the province, including the reception and redistribution of broadcast signals; Parliament may also make laws in relation thereto for each of the provinces.

Relationships between laws of the provinces and laws of Parliament

2. Any law enacted by the legislature of a province pursuant to section 1 shall prevail to the extent of the inconsistency over any law of Parliament enacted thereunder except in relation to Canadian content, Canadian broadcast programs and services, and technical standards, in which case any law of Parliament shall prevail to the extent of the inconsistency.

Consultations

3. The Government of Canada shall consult the government of the province concerned before Parliament makes a law in relation to cable distribution within that province pursuant to section 1.

Telecommunications undertakings

4. Telecommunications undertakings coming under the jurisdiction of Parliament as well as those coming under the jurisdiction of the legislature of a province and engaging in activities coming under section 1 other than as carriers shall be subject, in so far as such activities are concerned, to the laws enacted under section 1.

Powers continued

5. Except where otherwise expressly provided in sections 1 to 4, nothing therein shall derogate from the legislative powers that Parliament and the legislatures of the provinces had immediately before the coming into force of these sections.

### OFFSHORE RESOURCES

"On the question of Offshore Resources, the revised Constitution should provide concurrent legislative authority for Parliament and the legislatures of coastal provinces concerning the management of the offshore resources, lying adjacent to those provinces, which are within national jurisdiction, but which do not fall within the Provinces or Territories of Canada. This provision would be made without prejudice to the ownership of the resources in question.

Federal powers concerning navigation, international affairs, national defence and so on, offshore areas. Provision would also be made, however, for the application of various provincial powers, for example, concerning labour relations, to the offshore areas.

In describing the concurrent powers, provision should be made for federal paramountcy concerning international trade, environmental control, and other matters to be determined. Provincial paramountcy should apply to various aspects of associated onshore developments, and to other matters to be determined.

On the important question of the rate of exploration and of production, or more generally the pace of development, there should be federal paramountcy. However, in cases where the provincial government affected disagrees with federal proposals dealing with the rate of production, on the basis of anticipated adverse socio-economic effects, or adverse effects on the future availability of resources to meet the province's needs, such federal paramountcy would only be exercised in matters of great concern to Canada.

As a necessary complement to such provisions in a revised Constitution, suitable administrative arrangements should be worked out and confirmed in due course by statute, to assure continuing federal and provincial consultation and co-operation in the management and development of the offshore resources."

Comparative Summary of Bill C-60
Provisions and New Proposals

| BILL C-60 PROVISIONS | NEW DRAFT PROPOSALS |
|---|---|
| A. *Fundamental Freedoms* | A. *Fundamental Freedoms* |
| 1. Freedom of thought, conscience and religion. | 1. Freedom of conscience and religion. |
| 2. Freedom of opinion and expression. | 2. Freedom of thought, opinion and expression, including freedom of press and other media. |
| 3. Freedom of peaceful assembly and of association. | 3. Freedom of peaceful assembly and of association. |
| *Limitation Clause* | *Limitation Clause* |
| Those reasonably justifiable in a free and democratic society in interests of | Those prescribed by law as are reasonably justifiable in a free and democratic society in the interests of |
| —public safety or health | —national security |
| —peace and security of public | —public safety, order, health or morals |
| —rights and freedoms of others. | —any rights and freedoms of others. |
| *Override Clause* | *Override Clause* |
| None | None |
| B. *Democratic Rights* | B. *Democratic Rights* |
| 1. Principles of universal suffrage and free and democratic elections. | 1. Consistent with principles of universal suffrage and free and democratic elections, right of citizen to vote and qualify for election in House of Commons or legislature without unreasonable distinction or limitation. |
| 2. Right of citizen to vote and to qualify for election in House of Commons or legislature without discrimination based on race, national or ethnic origin, language, color, religion or sex. | 2. Limit on maximum duration of House of Commons and legislatures except in case of national emergency. |
| 3. Limits on maximum duration of House of Commons and legislatures except in case of national emergency. | 3. Requirement for annual sittings of Parliament and legislatures. |
| *Limitation Clause* | *Limitation Clause* |
| On first two only: same as under fundamental freedoms. | None, except as built into first two. |
| Override Clause | Override Clause |
| None | None |
| C. *Legal Rights* | C. *Legal Rights* |
| | Right to life, liberty and security of person and right not to be deprived thereof except by due process of law, including |
| 1. Right against unreasonable searches and seizures. | 1. Right against unreasonable searches and seizures. |
| 2. Right against arbitrary detention, imprisonment or exile. | 2. Right against unreasonable interference with privacy. |
| 3. Rights on arrest or detention to be told promptly of reasons therefor, to retain and instruct counsel promptly and to remedy by *habeas corpus*. | 3. Right against detention or imprisonment except in accordance with prescribed laws and procedures. |
| 4. Right not to testify in any proceedings if denied counsel, protection against self-crimination or other constitutional safeguards. | 4. Rights on arrest or detention to be told promptly of reasons therefor, to retain and consult counsel promptly and to remedy by *habeas corpus*. |

| | |
|---|---|
| 5. Right to assistance of interpreter in any proceedings. | 5. Rights as a person, charged with a criminal or penal offence<br>—to be informed of specific charge,<br>—to be tried in reasonable time,<br>—to presumption of innocence,<br>—to a fair and public hearing before impartial tribunal,<br>—not to be denied bail unfairly,<br>—to protection against *ex post facto* offences and punishment. |
| 6. Right to fair hearing when rights of obligations being determined. | 6. Protection against double jeopardy. |
| 7. Right of accused to presumption of innocence | 7. Benefit of a lesser penalty where law is changed. |
| 8. Right of accused to fair and public hearing before impartial tribunal. | 8. Protection against cruel or inhuman treatment or punishment. |
| 9. Right of accused not to be denied bail unfairly. | 9. Right when compelled to give evidence to counsel, to protection against self-crimination and to other constitutional safeguards. |
| 10. Protection against *ex post facto* offences and punishment. | 10. Right to assistance of interpreter in any proceedings. |
| 11. Protection against cruel and unusual punishment or treatment. | 11. Right to fair hearing when rights and obligations being determined. |
| *Limitation Clause* | *Limitation Clause* |
| Same as under fundamental freedoms | Legal rights, except for right to life, right to counsel, protection against *ex post facto* laws, protection against self-crimination, protection against cruel or inhuman punishment or treatment and right to interpreter, may be overriden in times of serious public emergency. Limits on public proceedings may be placed in normal circumstances. |
| *Override Clause* | *Override Clause* |
| None | Provinces could opt in with general override power. |
| D. *Non-Discrimination Rights* | *D. Non-Discrimination Rights* |
| 1. Right to equality before the law and to equal protection of the law. | 1. Right to equality before the law and to equal protection of the law without distinction or limitation other than one which is provided by law and fair and reasonable having regard to object of law. |
| 2. Enjoyment of fundamental freedoms, legal rights and mobility rights without discrimination based on race, national or ethnic origin, language, color, religion, age or sex. | 2. Exemption of laws which are in furtherance of affirmative action programs even though they may discriminate, as long as discrimination is justifiable. |
| *Limitation Clause* | *Limitation Clause* |
| Same as under fundamental freedoms | None, except as built in to section. |
| *Override Clause* | *Override Clause* |
| None | Provinces could opt in with general override power. |
| E. *Mobility Rights* | E. *Mobility Rights* |

| | | | |
|---|---|---|---|
| 1. | Right of person not to be arbitrarily exiled from Canada. | 1. | Right of citizen to enter, remain in and leave Canada. |
| 2. | Right of citizens to take up residence, acquire and hold property and pursue a livelihood, subject to laws of general application, but without discrimination based on province of residence of previous residence. | 2. | Right of citizen or "landed immigrant" to change province of residence or to pursue livelihood in another province, subject to laws of general application, but without discrimination based only on province of present or previous residence. |
| | *Limitation Clause* | | *Limitation Clause* |
| | Same as under fundamental freedoms. | | Those prescribed by law as are reasonably justifiable in a free and democratic society in the interests of<br>—national security<br>—public safety, order, health or morals<br>—overriding economic or social considerations. |
| | *Override Clause* | | *Override Clause* |
| | None | | None |
| F. | *Property Rights* | F. | *Property Rights* |
| 1. | Right to use and enjoyment of property by individual, and right not to be deprived thereof except in accordance with law. | 1. | Right to use and enjoyment of property by individuals or groups, and right not to be deprived thereof except in accordance with law that is fair and just. |
| 2. | Right to acquire and hold property without discrimination based upon province of residence. | | |
| | *Limitation Clause* | | *Limitation Clause* |
| | Same as under fundamental freedoms. | 1. | Laws which control or restrict use of property in public interest or for collection of taxes and penalties. |
| | | 2. | Laws which are justifiable in a free and democratic society in the interests of<br>—national security<br>—public safety, order, health or morals. |
| | *Override Clause* | | *Override Clause* |
| | None | | None |
| G. | *Language Rights* | G. | *Language Rights* |
| 1. | Power of Parliament and legislatures to declare English and French official languages of Canada for all purposes declared. | 1. | English and French declared official languages of Canada with status and protection set forth in Charter. |
| 2. | Power of Parliament and legislatures to provide for more extensive rights to use English and French. | 2. | Power of Parliament and legislature to extend the status, protection or use of English and French. |
| 3. | Right to use English or French in all debates and other proceedings of Parliament or any legislature. | 3. | Right to use English or French in debates and other proceedings of Parliament; same right in debates of legislatures. |

| | |
|---|---|
| 4. Statutes, records and journals of Parliament and legislatures of Ontario, Quebec and New Brunswick to be printed and published in English and French, both versions equally authoritative. In other provinces, obligation optional with legislatures. In Ontario, date for French publication to be fixed by legislature. | 4. Statutes, records and journals of Parliament and legislatures of Ontario, Quebec and New Brunswick to be printed and published in English and French, both versions equally authoritative. In other provinces, obligation optional with legislatures with text of "to extent practicable." In Ontario, date for French publication to be fixed by legislature. |
| 5. Right to use French or English in all court proceedings at federal level and in Ontario, Quebec and New Brunswick. | 5. Right to use French or English in all court proceedings at federal level and in Ontario, Quebec and New Brunswick. But with respect to three provinces, right to be provided as soon as practicable and in any event not later than five years after adoption of Charter. For other provinces, a similar right to greatest extent possible as the legislatures may prescribe. |
| 6. Right of witness to be heard in French or English (without prejudice) in any court in Canada in any criminal proceeding or in any serious provincial penal proceeding. | 6. Right of witness to be heard in French or English, through an interpreter where necessary (without prejudice), in any court in Canada in a case involving an offence under federal law or a serious offence under provincial penal law. |
| 7. Right of a member of public to communicate in English or French with head or central office of any federal government institution, and with any principal offices thereof in areas designated by Parliament on basis of minority language numbers. | 7. Right of a member of public to communicate in English or French with head or central office of any federal government institution, and with any principal offices thereof in areas designated by Parliament on basis of minority language numbers. |
| 8. Right of member of public to communicate in English or French with principal offices of any provincial government institution in areas designated by provincial legislature on basis of minority language numbers. | 8. Right of member of public to communicate in English or French with the head, central or principal offices of any provincial government institution, to the extent and in the areas as defined by the provincial legislature on the basis of practicability and necessity for such services. |
| 9. Preservation of legal or customary rights or privileges re use of languages other than English or French. | 9. Preservation of legal or customary rights or privileges re use of languages other than English or French. |
| 10. Rights of minority language (English or French) parents who are Canadian citizens to choose minority language education for their children in areas of province where it is reasonably determined by provincial legislature that numbers of children in any area warrant the provision of necessary facilities out of public funds. | 10. Right of minority language (English or French) parents who are Canadian citizens to choose minority language education for their children in areas of province where it is reasonably determined by provincial legislature that numbers of children in any area warrant the provision of necessary facilities out of public funds. |
| 11. Preservation of rights in the future of identifiable English or French language communities to use of French or English. | 11. Preservation of rights in the future of identifiable English or French language communities to use of French or English. |
| 12. Preservation of existing constitutional rights, privileges or obligations respecting the French and English languages. | 12. Preservation of existing constitutional rights, privileges or obligations respecting the French and English languages. |
| 13. Repeal of section 133 of *BNA Act* and section 23 of *Manitoba Act* upon entrenchment of Charter. | 13. Repeal of section 133 of *BNA Act* and section 23 of *Manitoba Act* upon entrenchment of Charter. |
| *Limitation Clause* | *Limitation Clause* |
| Same as under fundamental freedoms | None |
| *Override Clause* | *Override Clause* |
| None | None |

| | |
|---|---|
| H. *Undeclared Rights* | H. *Undeclared Rights* |
| 1. Protection of any undeclared rights existing at time of adoption of Charter, including those of native peoples under Royal Proclamation of 1763. | 1. Protection of any undeclared rights existing at any time, including those that may pertain to native peoples. |
| I. *Enforcement Provisions* | I. *Enforcement Provisions* |
| 1. Charter provisions to render inoperative any law which is in conflict with its provisions. | 1. Charter provisions to render inoperative any law or administrative act which is in conflict with its provisions. |
| 2. Where no other remedy exists, courts empowered to grant declaratory, injunctive or similar relief where anyone seeks to have Charter rights defined or enforced. | 2. Where no other effective recourse or remedy exists, courts empowered to grant such relief or remedy for a violation of Charter rights as may be deemed appropriate and just in the circumstances. |

## APPENDIX "C"

*(See p. 577)*

## NORTH ATLANTIC ASSEMBLY

TEXTS ADOPTED AT TWENTY-FOURTH ANNUAL SESSION, LISBON, NOVEMBER 25 TO 30, 1978

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## RECOMMENDATION 64

on political information and education (1)

The Assembly,

Recalling that Article 2 of the North Atlantic Treaty expresses the determination of member countries to bring about a better understanding of the principles upon which Western civilisation is founded and to ensure the preservation of this form of civilisation;

Recognising that our common heritage can only be safeguarded if our peoples are clearly aware of the values upon which their societies are based and of the need to defend them against external and internal threats;

Aware of the prime role of parliamentarians as the guardians of democracy;

Noting, among the publics of the Alliance member countries, much ignorance of contemporary political realities and increasing indifference to public life and the defence of the democratic order;

Convinced of the need to provide citizens with fuller and better balanced information on the problems connected with the defence of democratic systems and to give young people an objective view of national and international political issues so as to enable them to participate fully in the defence of their future;

Noting that political education is generally not provided for in the classical curricula of member countries;

Aware of the difficulties of such a task but persuaded that each member country can consider appropriate measures on a national basis;

Welcoming the steps already taken in several member countries by officially-backed specialised groups to promote the political education of young people and teachers;

---

(1) Presented by the Committee on Education, Cultural Affairs and Information.

RECOMMENDS that the North Altantic Council:

1. organise active consultations on questions of information and education, in close co-operation with the Assembly and other appropriate Atlantic organisations, by inviting specialists from each member country to work with the NATO Committee on Information and Cultural Relations;

2. draw the attention of member countries to the present failings in the intellectual and moral defence of the Western world and to the need to reinvigorate cultural co-operation within the Alliance by inviting them to consult on this question at the political level and to review their information and education programmes;

3. support and co-ordinate the groups and bodies active in this area, particularly by providing them with the information, documentation and technical means to help them in their work.

## RECOMMENDATION 65

on human rights (1)

The Assembly,

Considering that the continuing CSCE process is a useful instrument of East-West co-operation, even though the first CSCE Follow-Up Conference in Belgrade has shown that not all of its provisions, particularly those concerning the implementation of human rights, have been fulfilled;

Recognising that despite fluctuations in the process of détente positive results in the fields of human contacts and reunion of families have been achieved;

Considering that the member states of the North Atlantic Alliance should, within the framework of their policy of détente, insist upon the full implementation of the CSCE Final Act;

Recalling Resolution 68 adopted at the 23rd Annual Session;

RECOMMENDS that the North Atlantic Council:

1. carefully prepare for the second CSCE Follow-Up Conference, scheduled for 1980 in Madrid, with the objective of reaching concrete agreements for the expansion of East-West co-operation in all areas, especially in the humanitarian and cultural fields, as well as in the exchange of information and reporting;

2. regard the implementation of human rights as a legitimate subject of concern for the international community;

3. review periodically the implementation by all signatory states of all aspects of the Helsinki Final Act;

4. fully exploit the possibilities presented by the CSCE Final Act and support the implementation of its provisions through broad co-operation and consultation within the North Atlantic Alliance with a view towards developing a common Alliance position in Madrid;

5. urge member states also to consult and co-operate with other relevant international organisations and with the governments of neutral and Warsaw Pact states.

---

(1) Presented by the Committee on Education, Cultural Affairs and Information.

## RECOMMENDATION 66

on Mutual and Balanced Force Reductions (1)

The Assembly,

Convinced that the security of the member countries of the North Atlantic Alliance depends on an adequate defence capability and a policy of detente, and that negotiations on

arms control constitute an essential component of the detente policy.

Noting that negotiations on arms control must include restraints on qualitative improvements in order to bring under control the technological arms race;

Recognising that progress has been achieved at the Vienna negotiations and that NATO's MBFR initiative of 19 April 1978 and the Warsaw Pact reaction of 8 June 1978 have improved the prospects of reaching an initial agreement;

Emphasising that an initial agreement would lay the foundations for further negotiations and for further stabilising measures;

RECOMMENDS that the North Atlantic Council:

1. following the signature of a SALT II Treaty, place a higher priority on the MBFR negotiations in order that agreement on the basis of parity and collectivity may be reached as soon as possible;

2. ensure that the confidence-building measures specified in the Helsinki Final Act and related to the MBFR reduction zone be made mandatory and that additional measures, such as the prior warning of major military movements, are concluded;

3. ensure that those nuclear weapon systems, not previously subject to negotiation in either the SALT or the MBFR negotiations, are included in future negotiations and that the security interests of all NATO states are fully safeguarded.

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(1) Presented jointly by the Military Committee and the Political Committee.

## RECOMMENDATION 67

on the impact of advanced technology on ocean management (1)

The Assembly,

Recognising that several nations have extended their responsibility for fisheries management up to 200 nautical miles offshore; that as the Law of the Sea discussions progress, some nations will consider extending their regulatory influence over other activities a similar distance from the shore; and that some form of international management regime may be established for ocean areas more than 200 nautical miles from shore;

Nothing that the development of satellite surveillance technology, together with advances in airborne, ship and buoy ocean sensor systems, has provided the capability to gather a wide variety of data relating to the environment and to man's own activities;

Aware that ocean information retrieval systems at both national and international levels have not kept pace with the development of ocean data gathering systems;

RECOMMENDS that the North Atlantic Council organise a conference with the participation of representatives of member governments and parliaments and of experts on sea management to:

1. review requirements for ocean data in support of national and international ocean management activities;

2. assess the current and potential capability of technology to meet such requirements;

3. evaluate the relative merits of national versus multinational management and control of such technology in its application to ocean management;

4. make recommendations to the North Atlantic Council regarding the development and management of technology in support of ocean management for the North Atlantic region, within one year of the initial conference date.

---

(1) Presented by the Scientific and Technical Committee.

## RECOMMENDATION 68

on the need for increased support for the NATO Science Committee (1)

The Assembly,

Congratulating the NATO Science Committee on its sustained support for international scientific activities and particularly for its efforts at organising meaningful exchange programmes involving young scientists;

Concerned nonetheless at the failure of Alliance governments to increase their financial contributions to the NATO Science programme beyond the level merely necessary to cover rising costs to keep pace with inflation;

Stressing the need to devote particular attention to the present needs of Portugal and certain other Alliance countries, including Greece and Turkey, to ensure that they receive increasing support from NATO science programmes and particularly the Fellowships Programme, in line with their needs and the fact that compared with the more scientifically advanced Alliance members, they have suffereddisproportionately in terms of national funding;

RECOMMENDS that the North Atlantic Council:

1. re-assess the funding of NATO science programmes to ensure that the programmes are allowed to develop at an expanded rate and to contribute more fully to members' scientific needs;

2. ask the NATO Science Committee to prepare a special study of the needs of the less developed NATO countries to ensure that they are able to participate more fully in exchange programmes to the encouragement of young scientists in these countries.

---

(1) Presented by the Scientific and Technical Committee.

## RESOLUTION 76

on a joint Atlantic strategy for economic development (1)

The Assembly,

Recalling its Resolutions 44 to 46 on an improvement of the world economic order, its Resolution 32 on world monetary reform, and its Resolutions 18 and 31 on economic assistance among NATO member countries;

Reaffirming the crucial importance of securing maximum economic co-operation within the Alliance with regard to achieving a comparable level of economic development;

Aware of the relationship between political and economic stability, and the fact that economic decline may lead to social and political unrest and increasing extremist activities;

Regretting the differences between European and American members of the Alliance which have emerged mainly from protectionist measures and monetary problems;

Mindful of the economic difficulties of Greece, Portugal and Turkey and the still enormous economic gap between countries of an Alliance which should be built on solidarity and collective efforts;

Emphasising that world trade has been a strong factor in the growth of Western economies;

Noting that the income gap between the industrialised and developing countries is still widening;

URGES member governments of the North Atlantic Alliance:

1. to fulfil Article 2 of the North Atlantic Treaty of 1949, the recommendations of the Committee of Three of 1956 and the declarations of the North Atlantic Councils in Ottawa of 1951 and 1974, all of which stress the need for closer economic collaboration among Alliance members;

2. to improve the economic position and the international economic integration of its less fortunate members in Southern Europe by granting financial and other help, opening national markets for imports, and by encouraging investment to create new jobs in these countries;

3. to promote the reform of the world monetary system in order to provide world trade and the world economy with a stable framework of fixed but adjustable rates for currencies.

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(1) Presented by the Economic Committee.

## RESOLUTION 77

on the security of nuclear fuel supply (1)

The Assembly,

Recognising that the current policy of the United States Administration in relation to the supply of nuclear fuel to other countries has been designed to add further and more effective measures to prevent the proliferation of nuclear weapon capacity;

Recognising the importance of Euratom for the development of nuclear energy in Europe;

URGES the United States and Euratom to start a dialogue aimed at:

1. strengthening their co-operation against the dangers of nuclear proliferation;

2. ensuring the continued and uninterrupted supply of nuclear fuel by the United States to Euratom.

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(1) Presented jointly by the Economic Committee, the Political Committee and the Scientific and Technical Committee.

## RESOLUTION 78

on shortwave broadcasting and the World Administrative Radio Conference of 1979 (WARC-79) (1)

The Assembly,

Noting that the Declaration of Human Rights of the United Nations declares it to be the right of everyone "to seek, receive, and impart information and ideas through any media and regardless of frontiers", and that the Final Act of the Conference on Security and Co-operation in Europe calls for a reduction in barriers to the free exchange of people and ideas among the signatory nations;

Recognising that for many millions of people shortwave broadcasts are the primary source of uncensored news and information, and that the free flow of information is indispensable to understanding among nations;

Deploring the intolerable level of interference that has resulted from the over crowding of the radio spectrum presently available for shortwave broadcasts;

Recalling Resolution 67 against jamming of broadcasts adopted at the Twenty-Third Annual Session;

Considering that the WARC-79 is the last international conference to be held during this century with the power to redistribute the radio spectrum, and that pressures are already being exercised to restrict shortwave broadcasting through the decisions of WARC-79;

URGES member governments of the North Atlantic Alliance:

1. to incorporate in their positions at WARC-79 proposals to provide sufficient radio spectrum for shortwave broadcasting to alleviate the present intolerable level of congestion;

2. to press at WARC-79 for the right of all countries to be heard via shortwave without interference;

3. to oppose forcefully the positions of those non-NATO countries which would restrict in any way the free flow of information on the shortwave broadcasting bands.

(1) Presented by the Committee on Education, Cultural Affairs and Information.

## RESOLUTION 79

### on the freedom of information (1)

The Assembly,

Recalling that freedom of the press and of information is an essential and indispensable condition in any democratic system;

Considering that the free circulation of information is also essential to the strengthening of peace and international understanding and to the promotion of human rights;

Disturbed by the attempts made in UNESCO to restrict the freedom of the press in the international community;

URGES member governments of the North Atlantic Alliance:

1. to maintain their firm opposition to any attempt to hamper the freedom of expression and of information;

2. to do all they can to protect and improve working conditions for journalists and the information media, not only in their own countries but also in developing countries;

3. to support any steps designed to ensure public access to information and a number of different information sources and media, both nationally and internationally.

(1) Presented by the Committee on Education, Cultural Affairs and Information.

## RESOLUTION 80

### on terrorism (1)

The Assembly,

Noting with concern the increase in acts of criminal violence and political terrorism in several member countries;

Noting that terrorists threaten not only the safety of citizens but also the stability of democratic institutions, which they openly challenge;

Considering that the links between various terrorist groups, their international mobility and the passive or active assistance they receive from certain states give the problem a supra-national dimension which calls for an international response;

Considering that no democratic society can tolerate blackmail of this type and that governments of member countries must take effective steps to combat this menace and protect their citizens and democratic systems;

Aware that under no circumstances should measures which do not respect democratic rights and freedoms be adopted by parliaments;

Aware that certain governments continue to encourage and support terrorist attacks;

Recognising the importance of the agreements already signed between several member countries, notably measures against air piracy, and noting the actual dissuasive effect of these measures on the terrorists themselves as well as on the states which give them refuge;

(1) Presented jointly by the Committee on Education, Cultural Affairs and Information and the Political Committee.

URGES member governments of the North Atlantic Alliance:

1. to step up their co-operation for the exchange of information, international surveillance, the co-ordination of legislation and mutual aid in judicial matters;

2. to use the consultative and co-operative mechanism of the North Atlantic Council to organize, when necessary, meetings of specialists with a view to planning joint measures to combat dangers of escalation and attempts to organize criminal action on an international scale;

3. to ensure the effective implementation of existing international agreements and to involve the United Nations in a convention on hostages;

4. to co-ordinate and support diplomatic action against governments which appear to encourage and support terrorism;

5. to make a thorough study of the social and cultural reasons behind actions of terrorists, with a view to finding the most appropriate preventive measures.

## RESOLUTION 81

### on arms sales (1)

The Assembly,

Believing that the arms trade frequently feeds local arms races, heightens regional tensions and jeopardises regional power equilibriums, thereby increasing the risk of local war;

Convinced that the purchase of arms by less developed states is a tragic waste of scarce resources, aggravating poverty within the developing societies;

Recognising that the United States and the Soviet Union as the major arms producers and suppliers bear a special responsibility in this respect;

Deploring the fact that the arms trade has become an important element in the East-West competition;

Acknowledging that the production and sale of armaments constitutes an important element in the economies of several member countries but convinced that a concerted and co-ordinated effort is now necessary in order to curb the escalating sale of armaments;

Convinced that since current Sino-Soviet tension impacts adversely on East-West relations and constitutes a threat to world peace, the Western response to present Chinese initiatives should be both prudent and responsible, particularly concerning the potential sale of armaments;

Noting that as yet there is no Western consensus on a China policy;

URGES member governments of the North Atlantic Alliance:

1. to press for greater co-operation among arms suppliers to co-ordinate arms export policies particularly on a region-to-region basis;

2. to demonstrate their support for President Carter's arms export policy by imposing similar restraints on their own exports;

3. to press for the creation of an international forum for the exchange of information and ideas on the arms market and its control.

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(1) Presented by the Military Committee.

## RESOLUTION 82

on military aid to Greece, Portugal and Turkey and on the Cyprus problem (1)

The Assembly,

Aware that the military strength of Greece, Portugal and Turkey bears directly and importantly on the security interests of the Alliance;

Noting the action of the Congress and President of the United States to lift the arms embargo against Turkey;

Noting, however, that the law pursuant to which the embargo was lifted requires that, before United States military aid and sales may be continued, the President must in early 1979 certify to Congress that the interested party has negotiated in good faith towards a just solution on Cyprus;

Recognising that a settlement in Cyprus is still not at hand;

Noting that the Federal Republic of Germany is granting military assistance to both Greece and Turkey and recently also to Portugal;

URGES member governments of the North Altantic Alliance:

actively to encourage and facilitate the negotiation of a final agreement among the concerned parties regarding the Cyprus problem;

URGES governments of all European member states of the North Atlantic Alliance:

to examine thoroughly the possibilities of granting military aid and to implement without further delay such military aid to Greece, Portugal and Turkey.

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(1) Presented jointly by the Military Committee and the Political Committee.

## RESOLUTION 83

on arms control (1)

The Assembly,

Concerned that an unrestrained strategic arms race between the United States and the Soviet Union would lead to a less stable and more dangerous world;

Persuaded that the failure to conclude an acceptable SALT II agreement will seriously damage the detente process and will increase political and military instability and insecurity;

URGES member governments of the North Atlantic Alliance:

1. to support United States' efforts to conclude a SALT agreement which is equitable, balanced and verifiable;

2. to press that further negotiations seek to bring about significant reductions in each side's strategic nuclear forces;

3. to press that these subsequent negotiations include the theatre nuclear forces deployed in and against the European theatre.

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(1) Presented jointly by the Military Committee and the Political Committee.

## RESOLUTION 84

on East-West relations (1)

The Assembly,

Concerned at recent developments in Africa, the Middle East and Iran and the harm these might cause the detente process;

Concerned at the Soviet military build-up in Europe and the new dynamics of weapons technology which might endanger arms control agreements;

Recognising the critical importance of the continued pursuit of detente for the stability of East-West relations and for the security of Eastern and Western nations;

Acknowledging the progress that has taken place in implementation of the Helsinki Final Act, but deeply concerned by the trials and sentences of Soviet human rights activists;

Believing there are many areas where co-operation with the Soviet Union can be pursued to mutual advantage;

Recognising that detente is a slow and laborious process whose development and limits need sharper definition and clarification;

Believing that economic co-operation with China and the active participation of China in world affairs is in the interest of peace and stability;

URGES member governments of the North Atlantic Alliance:

1. to support the efforts to seek peaceful settlements in the Middle East and Africa;

2. to encourage, in view of the CSCE follow-up meeting in Madrid in 1980, a common approach on political and economic co-operation with the East;

3. to press for arms control agreements in order to prevent a new arms race;

4. to develop policies towards China that are compatible with the process of detente.

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(1) Presented by the Political Committee.

## RESOLUTION 85

on measures to control maritime pollution (1)

The Assembly,

Concerned at the extent of environmental damage caused by the Amoco Cadiz tanker accident off the coast of Brittany in March 1978;

Recalling the Assembly's Resolution 63 of November 1976 urging member Alliance governments "to work towards international regulations of the sea routes used by large bulk carriers of hydrocarbon with a view to reducing the risk of accidents and their possible consequences for the coasts";

Regretting the continuing lack of progress to date on establishing an internationally acceptable code of maritime conduct to make less likely similar accidents, as well as the inability of member governments to cope adequately in initially preventing the risk of oil spills and in subsequently repairing the damage caused by oil pollution;

Recognising that many pollution incidents result from human operating error;

Recognising the importance of the work of the IMCO within the framework of the UN;

URGES member governments of the North Atlantic Alliance:

1. to stress to their delegations to the United Nations Law of the Sea Conference due to reconvene in Geneva in March 1979 the need for an international maritime code of conduct;

2. to work towards both an international ban on sub-standard tankers and a recognised training scheme in pollution prevention for senior tanker crew members;

3. to work towards improving (a) international co-operation both in legal terms and at the operational level and (b) national administrative structure and emergency procedures for dealing with future maritime pollution problems.

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(1) Presented by the Scientific and Technical Committee.

## ORDER 21

on a co-operative programme with the Atlantic Institute for International Affairs (1)

The Assembly,

Considering the importance of devoting careful consideration to the future military, political and economic problems of individual member countries and the Alliance as a whole;

Recognising the mutual benefits to be derived from co-operation with the Atlantic Institute for International Affairs on a programme of this nature;

INSTRUCTS its Secretary General;

to take all appropriate steps to arrange a joint conference (or conferences) at a time and in a place convenient for participating parliamentarians and the personnel of the Atlantic Institute project.

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(1) Presented jointly by the Economic Committee, the Military Committee and the Political Committee.

# THE SENATE

**Wednesday, February 21, 1979**

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

Prayers.

[*Translation*]

## AIR CANADA

STATEMENT OF PRESIDENT REGARDING SALE TO PRIVATE INTERESTS—QUESTION

**Senator Marchand:** Honourable senators, last Wednesday, February 14, I asked the Leader of the Government in the Senate by virtue of what authority the President of Air Canada, Mr. Claude Taylor, had stated that he foresaw the possibility that Air Canada might be sold, in total or in part, to private interests and providing special privileges for its employees.

The next day, that is Thursday, February 15th, the Leader of the Government in his reply told me that according to the information received from Air Canada, Mr. Taylor had based his assertion on the statement of the Honourable Otto Lang during consideration of the Air Canada Act.

Honourable senators, I checked the statement of the Minister of Transport and I am sorry to advise the house that the information supplied by Air Canada was biased and in no way justified the statement of its President, Mr. Taylor.

On the other hand, I know full well that it is not government policy to sell Air Canada shares either to the public or its employees. The statement of Mr. Taylor therefore constitutes an abuse in the exercise of his prerogatives and he should rectify the impression his statement left on the public opinion.

May I ask the Leader of the Government to convey the tenor of my comment to whoever supplied us with that distorted information last week.

[*English*]

**Senator Perrault:** Honourable senators, I have taken the opportunity to speak personally with the Minister of Transport with respect to this matter and I can confirm that the statement made by Mr. Taylor does not represent government policy. The original information was, however, provided through the auspices of the Department of Transport. The situation is being investigated further.

[*Translation*]

**Senator Flynn:** Does the government leader recognize that the information provided by the Minister of Transport was misleading? Or am I to understand from his answer that he agrees with Senator Marchand that the information which, as he said, was provided by the Minister of Transport, was incomplete?

[*English*]

**Senator Perrault:** Honourable senators, the information provided was in no way false. It may have been incomplete but it was not false. The statement had been made by Mr. Taylor. Obviously it was a speculative, personal statement. It is not usual for presidents of crown corporations to elucidate or enunciate government policy.

**Senator Flynn:** But you said this was not government policy. What is government policy?

**Senator Perrault:** Government policy at the present time does not call for the sale of Air Canada to any other entity or individual.

**Senator Flynn:** That is definite? You are sure? You have that from the Minister of Transport?

**Senator Yuzyk:** Or perhaps from the Prime Minister.

## ENERGY

NEWFOUNDLAND—POWER POTENTIAL OF LOWER CHURCHILL FALLS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have some information with respect to the development of hydro-electric potential of Labrador, in reply to a question asked on this subject by Senator Marshall on February 15, 1979.

On November 24, 1978, the federal government and Newfoundland signed an agreement to establish the Lower Churchill Development Corporation Limited. The primary objective of the corporation is to establish a basis for developing the hydro-electric potential of the lower Churchill River in Labrador. Study stage work will include evaluation of both the Gull Island and Muskrat Falls sites, study of the required transmission facilities, analysis of methods for financing the project and examination of prospects for marketing power from it, as well as assessment of the environmental and socio-economic impacts of the project on the region. The federal government has allocated $5 million for performance of the study stage work, which is expected to be completed by mid-1980.

The corporation is owned by Newfoundland, 51 per cent, and the federal government, 49 per cent. The board of directors of the corporation consists of six members appointed by Newfoundland, five appointed by Canada, and the chief executive officer. The chairman of the board of directors is Mr. Victor Young, Chairman of Newfoundland and Labrador Hydro. The Vice-Chairman is A. Digby Hunt, Assistant Deputy Minister, Energy Policy Sector of the federal Department of Energy, Mines and Resources.

There have been two meetings of the board of directors to date, and they have established committees to select the chief executive officer, the financial consultant and the engineering consultant. Essential work on the environmental impact assessment is under way under the direction of Newfoundland and Labrador Hydro.

## GRAIN

### INITIAL PRAIRIE PRICES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on February 1, Senator Olson asked a question about the Canadian Wheat Board. The question was as follows:

> What I am interested in is the date on which producers can expect an announcement, because in recent press releases the minister responsible for the Wheat Board has talked about a rather substantial final payment for the year that has just ended. He indicated that this had improved because export prices increased in the latter part of 1978. This fact would also have an effect on the amount that will be offered in the initial prices for the coming season. Could the leader obtain an early announcement respecting that date so that producers will know it in advance of seeding?

The reply is as follows. The minister responsible for the Canadian Wheat Board has made it a regular practice to provide farmers with the latest information about world production as well as Wheat Board minimum quota levels and initial prices prior to seeding so that producers can use this information in their seeding decisions. In keeping with this practice, the minister will announce minimum quota levels and initial prices on or about March 1 this year.

## FOREIGN AFFAIRS

### EAST COAST FISHERIES—CANADA-FRANCE AGREEMENT—QUESTIONS ANSWERED

**Senator Perrault:** Honourable senators, on February 13 the Honourable Senator Marshall asked the following question:

> Honourable senators, I have a question for the Leader of the Government. Can he inform the house whether any discussions were held between the Prime Minister of Canada and Premier Barre of France, during the latter's visit to Canada, over the position of the two countries with regard to St. Pierre and Miquelon, and particularly with regard to the establishment of boundaries between those islands and the Province of Newfoundland-Labrador with regard to fishing rights, and also with regard to the establishment of the 200-mile limit, the boundaries surrounding, and the median line which has to be discussed as it reflects the views of both countries on this very sensitive issue?

No discussions were held between the Prime Minister and Premier Barre on the subject of Canada-France fisheries boundary negotiations in respect of St. Pierre and Miquelon.

• (1410)

The Honourable Senator Flynn asked a question on February 8 with respect to the interim fisheries agreement for 1979 for the area of St. Pierre and Miquelon.

Canadian and French fishery authorities have reached agreement on allocation of quotas for various stocks in the area off St. Pierre and Miquelon for 1979, as between Canadian and French fishermen, taking into account traditional fishing patterns over previous years. The division of species, and so on, is not listed in the information that I have before me.

**Senator Flynn:** There is no division of the waters between Newfoundland and St. Pierre and Miquelon; it is only on a quota basis that the agreement has been reached, is that right?

**Senator Perrault:** I have been advised it is on a division of quotas rather than a division of waters.

## STATISTICS CANADA

### SUGGESTED APPEARANCE OF OFFICIALS BEFORE SENATE COMMITTEE—QUESTION

**Senator Bosa:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate concerning the interest that has been shown by members of this house in the computation of the cost-of-living index. Would the leader consider requesting officials of Statistics Canada to appear before the Standing Senate Committee on Banking, Trade and Commerce for questioning?

**Senator Perrault:** Honourable senators, I am sure the members of the committee will on their own initiative decide whether or not the interesting suggestion advanced by the honourable senator has merit.

[*Translation*]

## AIR CANADA

### STATEMENT OF PRESIDENT REGARDING SALE TO PRIVATE INTERESTS—QUESTION

**Senator Flynn:** Honourable senators, in line with Senator Marchand's question, could the government leader obtain from the Minister of Transport a statement on government policy regarding the possible sale of all or part of Air Canada's shares to the public? Also, in what way is the minister in disagreement with Air Canada's president, Mr. Taylor?

[*English*]

**Senator Perrault:** I am pleased to inform the Leader of the Opposition that I have requested just such a lucid statement from the minister in a personal meeting that I have had with him.

**Senator Flynn:** Let us pray.

## HEALTH RESOURCES FUND ACT

### BILL TO AMEND

**Senator Frith:** Honourable senators, before the Orders of the Day are proceeded with, may I have leave to provide the

information that was requested at the end of my presentation last night of Bill C-2, to amend the Health Resources Fund Act?

**Senator Flynn:** When the order is called.

**The Hon. the Speaker:** The order will not be called until tomorrow. Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Flynn:** This mixes up our procedure.

**Senator Frith:** Honourable senators, I have some information furnished under the following headings: physician manpower by province; payments on Health Resources Fund claims, which relates to a question raised by Senator Hicks as to the date for the final allocation of payments; notification to provinces, which relates to a question asked by Senator Smith (Colchester), and scientific community representation. I also have some tables of the submissions on hand as of November 4, 1978.

I have a table with reference to the first topic, which is physician manpower by province. The table was taken from the Canadian Health Manpower Inventory Publication, and gives information on the number of physicians and the ratio of physicians to population by province for the period 1968 to 1977. There is also a breakdown of the number of general practitioners, specialists, interns and residents by province for the year 1977. I regret that I do not have an analysis of the data giving distribution within each province, which touches on the question raised by Senator Marshall.

The second heading deals with payments on Health Resources Fund claims, which refers to the question raised by Senator Hicks. The payments—and I think this wording is going to be important, and Senator Hicks may wish to pursue this in committee—on approved projects will be made for eligible costs prior to December 31, 1980. That is where Senator Hicks obtained the date of 1980. But, claims may be submitted after 1980 for payment of eligible costs incurred prior to December 31, 1980. It looks as though it will turn on what is meant by "incurred." If they were incurred prior to that time, the payments can be made later. That might be an area Senator Hicks may wish to pursue with the departmental representatives when they appear before the committee, if the Senate refers the matter to a committee for study.

On the question raised by Senator Smith (Colchester) on the matter of notification to provinces, I can say that the provinces were notified by telex on September 8, 1978, that no further approvals were to be made for projects submitted under the Health Resources Fund Program. Senator Smith may have noticed that that was the original date in the bill. It was later amended to November.

**Senator Flynn:** Why?

**Senator Frith:** Because of a wish to extend the time to allow people to get their applications in so allocations could be made prior to November 1978, and, if that were so, payments could be made after that date.

[Senator Frith.]

Dealing with the matter of scientific community representation, I regret to say that we do not have a record of representations made by the scientific community regarding curtailment of projects approved under the fund. You will recall that a question was raised last evening as to whether representations were so made.

Honourable senators, I have a document entitled, "Draft Health Resources Fund Submissions on Hand as of November 4, 1978," and in this document there are six entries for Quebec. You will recall that in the presentation I made last evening I mentioned there was some inequity in distribution insofar as reaching the maximum amount for both Quebec and the Northwest Territories, so an attempt has been made to try to rectify this. The other two are for the Health and Social Services Training Project in the Northwest Territories, and the British Columbia Children's Grace Hospital located in Vancouver.

For Quebec it may be that one or more of the projects may be supported from the $3.7 million special allocation for that province, more specifically, QUE-124, Pavillon Marguerite d'Youville, Department de Nutrition. The same would apply to the $500,000 special allocation for the Northwest Territories on project NWT-3, Health and Social Services Training Project.

Honourable senators, with your permission, and because this material may be found relevant in committee and during the debate on second reading, it might be acceptable to append these tables to today's *Hansard*.

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

**Hon. Senators:** Agreed.

[*For tables see appendix, page 603.*]

**Senator Frith:** That is all the information I have.

**Senator Smith (Colchester):** Honourable senators, I may have missed something Senator Frith said, because I thought my questions of last evening included one to the effect: Are there any projects known to the minister which would have come forward or which the provinces wanted to come forward but which had been barred by this deadline?

● (1420)

**Senator Frith:** I think I mentioned last evening that the only one I had instructions on was the one in British Columbia. I shall make inquiries to determine whether there are others and, if so, provide the Senate with the details. I apologize for not having that information for honourable senators this afternoon.

**Senator Forsey:** Honourable senators, I wonder if I could ask the Honourable Senator Frith for something slightly more precise in relation to the question I asked.

He has told us that he knows of no representations by scientific organizations. I thought I said professional organizations of the health professions. Does the term "scientific" cover the professional organizations, or did I fail to make my question clear last night? I cannot say.

**Senator Frith:** Honourable senators, Senator Forsey's question did quite clearly specify "professional," and I remember it as such. It is true that the answer with which I have been furnished does refer to the scientific community. I do not know whether that is meant to cover professional organizations. I shall seek a more precise answer of the departmental officials and make that information available during the course of debate on the motion for second reading or at the committee stage.

## NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. H. A. Olson** moved the second reading of Bill S-12, to amend the National Energy Board Act.

He said: Honourable senators, Bill S-12, to amend the National Energy Board Act, deals almost exclusively with the rights of landowners and expropriation procedures in the event that a pipeline company and the landowner are unable to reach a negotiated agreement.

Before getting into the detailed explanation of the provisions of this bill, I should like to pay tribute to the Special Committee of the Senate on the Northern Pipeline, and particularly to those members of the committee who diligently attended committee meetings and applied themselves to the problems giving rise to Bill S-12.

Honourable senators who know of the activities of the committee will be aware that the committee did in fact spend some five or six months studying these problems, starting with its study of Bill C-25 in the last session and continuing in this session to a detailed study of the subject of expropriation procedures and landowners' rights. It became apparent very early on in the proceedings that landowners' rights were not well defined, and even where they were well defined it was apparent that the law dealing with the expropriation procedures was very, very antiquated.

Under rule 55 only a senator has the right to present a bill to the Senate. There is no provision under which a committee may sponsor a bill. So, while I am the one sponsoring this bill in the Senate, I want to make it clear that the bill itself is the product of a good deal of committee work.

I am advised that while the bringing forward of a bill in this fashion may not be unique, it is something that has not happened often in the history of this house.

I am also pleased to acknowledge that last night Senator Sparrow presented Bill S-13, to control the importation of beef into Canada, a bill that falls into the same category; that is to say, it is a bill that developed as the result of the excellent work done by the Standing Senate Committee on Agriculture. So I think this is something that the Senate can look forward to as a useful part of its activities.

Honourable senators, as I was saying a moment ago, it was clear to a number of the members of the committee that landowners' rights in dealing with pipeline companies who had been given a right to expropriate land, if necessary, were such that there was really no means of intermediate arbitration, and that left the landowners in the awkward position of either taking the pipeline company's offer for compensation or going to court, that is to the superior court of the province, to have the matter arbitrated. The problem involved is that very often it was only a matter of a few hundred dollars difference between the company's offer and what the landowner felt was reasonable and just, and when the landowner faced the cost or the risk of cost in taking the company to court, the amount of risk involved was much, much higher than the difference between the offer of compensation and what the landowner himself felt was right and just.

In addition to that, these situations where an order for immediate right of entry or a warrant for possession was sought from the court, because it could not be obtained from the landowner on a voluntary basis, often took several months to come to a conclusion and, in a number of cases, several years. I am not being critical of the courts in saying this, because very often it was not the fault of the courts; it was the fault of one side or the other who was not prepared to proceed with the matter. But we did find cases, and some cases today have been outstanding since 1976 for one reason or another. In this regard I am sure honourable senators will be interested in knowing that the Law Reform Commission of Canada looked at the expropriation procedures under the National Energy Board Act back in 1974, and there are many paragraphs that could be read into our record this afternoon reflecting what they had to say about these procedures. To sum it up in one sentence, the Law Reform Commission said that the landowner's position is untenable under the National Energy Board Act, and the reference from that act to the Railway Act.

I should like to put one other quotation on the record today, and that is a quotation from the Minister of Justice, dated November 7, 1969. The reason I think this is important is that for those senators who are not already familiar with the fact, the general Expropriation Act of Canada is not that which covers the expropriation procedures used in the matter of acquiring rights for a pipeline. The general Expropriation Act of Canada is used by the government only for the purpose of expropriating land for some public purpose, for such things as the National Capital Commission, the National Harbours Board, National Defence, and so on.

• (1430)

But when we talk about expropriation for a pipeline, that is an authority given to a private or public company—but certainly not a government agency—so that it can have the right to expropriate, if necessary, from landowners who are unwilling to sign an agreement.

This is what the Minister of Justice said when the government was bringing in amendments and updating the general Expropriation Act on November 7, 1969:

> The legislation, if adopted by the House and the other place, will apply to all federal departments and to expropriations by the Canadian Broadcasting Corporation, the National Capital Commission, the National Harbours Board and the St. Lawrence Seaway Authority. It will

not, however, extend to inter-provincial railways or to private companies under special acts which exercise special expropriation powers.

This is the sentence I want to draw especially to your attention:

We plan to deal separately with these companies in the future.

Well, honourable senators, that is almost ten years ago. I don't want to blame anybody, whether this government or some other government, but the fact is that it has not been done.

**Senator Flynn:** Well, you should blame them.

**Senator Olson:** To be even more non-partisan, I should also draw to the attention of honourable senators that the reference in the National Energy Board Act to the old, antiquated Railway Act for expropriation procedures was indeed put in in 1959, when there was a different government of a different political label in office. Here again I am not being critical of the government of that day. In fact, it established the National Energy Board under some pressure, because it was urgently needed, but instead of spelling out a detailed regime of expropriation procedure it simply referred the matter to those provisions already contained in the Railway Act.

That act has not been amended at all since 1959. It is interesting to note, too, that an examination of the old Railway Act shows that many of the provisions in that act for expropriation purposes date back to the last century. Indeed, there have been no significant changes to that act since 1919.

I suggest that even when the National Energy Board was set up in 1959 it was probably inappropriate for pipeline acquisitions. But certainly the act has become even more antiquated since.

Honourable senators, the provisions that we have in Bill S-12 to update these procedures are based on precedents to be found somewhere in the laws of Canada or the provinces. Many of the provisions in these clauses of Bill S-12 were taken from the general Expropriation Act of Canada that was updated, as I said, in 1970. Many of the other provisions in the bill before you today were taken from provincial legislation. But they were not from their general expropriation acts for the most part but from their acts dealing with surface rights. In Alberta, Saskatchewan, British Columbia and several of the other provinces there are separate acts dealing with surface rights. Indeed, they are usually called "surface rights acts." These acts are administered by surface rights boards. I suppose the reason is rather obvious: It is that they have had to deal with pipeline expropriations or pipeline matters; that is, giving a company the right to build pipelines. It is also fair to say that these surface rights acts have been amended from time to time up to and including the mid-1970s. Therefore it follows, in my opinion anyway, that this legislation in the statute books of the provinces is in many respects far more modern than the federal act.

Perhaps I might turn now to a brief but somewhat more detailed explanation of what is involved in the bill. At the outset I should say that we are amending in any detail only two or three sections of the present National Energy Board Act, and even those sections—sections 73, 74 and 75—are very short.

● (1440)

Section 75(1) of the present act simply makes reference to sections 145 to 184, and also section 186, of the Railway Act. In other words, the one short section makes reference to about 40 sections of another act which set out details of the procedure respecting expropriations. However, when we repeal that section, we have to provide a total procedure for expropriation, and that is why the bill now before us contains the number of clauses that it does.

The first matter dealt with in the bill comes under the heading "Determination of Detailed Route." The clauses under this heading concern the company that is applying to the National Energy Board for a certificate of public necessity and convenience to build a pipeline for the delivery of gas, oil or any other commodity. The company is required to present to the National Energy Board what is called a plan profile and book of reference—that is a detailed route, including surveyors' drawings, of where the pipeline will be.

The Northern Pipeline Act was passed during the last session. There was no provision in the Railway Act to provide that landowners along the way could have the right to be notified, or a period in which they could file objections to the location of the pipeline. That situation was overcome in the Northern Pipeline Act. Section 18.1 of schedule 3 requires that the pipeline company shall serve notice on landowners along the way, and provides that landowners have 30 days in which to make representations, or their objections known, to the Northern Pipeline Agency, which was also set up under the act.

It is provided in the bill that section 29.1 of the National Energy Board Act be amended so that any future applications for pipelines under the act will require a company to give notice to landowners and to provide 30 days for objections to be received by the National Energy Board.

Under section 29.15, referred to in the bill, we are setting up an arbitration committee. The section says that forthwith, after the approval of a detailed route, an arbitration committee shall be established. I should point out that the cost of that committee will be paid by the pipeline company, although that aspect is not provided for until some sections later.

The proposed arbitration committee would have a number of tasks to perform. Those tasks are spelled out, and I will draw the attention of honourable senators to the more important ones. It is an intermediate arbitration procedure that will be available to landowners. If a landowner has a disagreement with a pipeline company, he can refer the matter to arbitration without the necessity of incurring a great deal of court costs, legal fees and everything else that is associated with referring a matter to a superior court.

The arbitration committee can also deal with such things as surface damages after the pipeline construction has been com-

pleted. That provision was not previously available to landowners and is not included in the present provisions of the National Energy Board Act.

Another feature of the bill is that landowners shall be offered by the pipeline company either a lump sum payment at the beginning, for the right to put a pipeline through his land, or an annual rental for the use of that land for as long as the pipeline is there.

At present there is no provincial legislation providing for pipelines, and there is nothing in either federal or provincial acts which prevents a company from offering annual rental payments rather than one payment at the beginning. However, there is a precedent in that in both Alberta and Saskatchewan gas and oil companies can rent what they call well sites—that is, a few acres of land, usually from two-and-a-half acres to five acres, on which they can place their machinery while drilling the well. It has been a long time practice for companies to pay the landowner an annual rental or annual compensation for the use of the land. In 1972 Alberta made it a requirement that the amount of compensation be subject to review every five years. That is also provided for in the bill now before us.

Although, in regard to payments for easements for pipelines, this is a new departure—and therefore it might meet with some resistance from the companies involved, either because it is a new concept or some difficulty is found in terms of dollars and cents, or in the amount of nuisance or cost involved to the landowner—I believe that over the course of time it will be found to be of great advantage.

At present, if a landowner is to be fully compensated for all the damage done to his land, he has to think in terms of 40 or 50 years down the road. Pipelines that are installed under modern practices—I will not attempt to explain those in any detail—have an operational existence of probably 40 to 50 years; and therefore it becomes an almost unreasonable task for a representative of the pipeline company and the landowner to try to anticipate all the damage, loss and inconvenience that can occur over a period of 40 or 50 years.

We know that there could be very severe loss to a landowner if the pipeline is near an area that in future might be subject to urban development. I am advised that most regional planning boards require that a house may not be built within 600 feet of a high pressure gas line. At least one member of the committee said that that is also part of the CMHC requirements. Obviously, if those pipelines are in an area where that is a possibility, then the landowner would have to take all of those losses into account, because he is deprived of the use of his land for that purpose as long as the pipeline is there.

● (1450)

That, of course, is not the only problem. The fact is that the National Energy Board Act—I believe it is section 77—gives the pipeline the very highest priority in the use of that land once an easement is either negotiated or imposed by arbitration. In other words, the landowner does not have the right to build a road or put an irrigation ditch either over or alongside a pipeline. In fact, if you look at the section fairly carefully, you will see that the landowner gives up his right to decide what is going to be done within whatever distance from that pipeline is considered safe. The distance would obviously be much greater if he were going to put up a dwelling. It would have to be at least 600 feet away, according to some interpretations. Even if he had other buildings in mind, however, there would be a distance from that pipeline in which the landowner would be prevented from doing with his land what he would be able to do if the pipeline were not there.

We believe, therefore, that it is better for the pipeline company and the landowner to review the damage, or the possible damage, every five years, so that they can see what damages are actual, what can be projected, and what steps can be taken to prevent what might happen.

You will be interested to know that there are some damages becoming apparent from the operation of pipelines, such as the great TransCanada gas line, that were unknown 20 years ago, when many of these lines were put in. It could not be anticipated at that time, for instance, that losses would occur as a result of the injection of heat into the gas that is dissipated along the route of the pipeline. Such a thing had not even been heard of then. At one of the main compressor stations at Princess, which is inside Alberta but near the head of the TransCanada pipeline, they pump as much as 3 billion cubic feet a day through four pipelines. During the compression stage they also raise the temperature of the gas by about 20 degrees. The gas comes in there, I am advised, at a pressure of around 650 pounds per square inch. It is then compressed up to about 850 pounds per square inch, and during that compression process the temperature is raised about 20 degrees. That heat is lost by dissipation into the soil for the next 40 or 50 miles down the pipeline route.

Several things happen because of that unnatural heat in the soil, one of which is early germination of some varieties of grass and weeds, which is usually followed by a drying-out early in midsummer, so that the over-all loss to the farmer has some significance. I do not have with me the technical data that indicates it is only the heat that is injected into that soil, or dissipated through it, that is the cause of these phenomena. There are people who believe that the mixing of the soil from the surface down to 10 feet brings up certain soluble mineralization and leaves it on the surface. This mineralization is incompatible with the natural environment of certain plants that grow on the surface. In most cases this would be salts of different kinds.

It is easy to see that for a 56-inch pipeline they would have to dig a trench that is between 10 and 12 feet deep and about 6 feet wide. That brings up a large amount of soil from below the zone where the plants grow, and as careful as they may be to skim off the topsoil first and then put it back after the subsoil has been replaced, there is still a disturbance, and it is entirely possible—in fact, some people firmly believe—that this mixing of the soil has an adverse effect on plant growth for many years afterwards. It seems to me that it is only reasonable that there should be an annual payment, which is

reviewed and adjusted every five years, to compensate for these kinds of damage.

**Senator Rowe:** I wonder if the honourable senator would permit a question before he leaves this particular topic. He mentioned that the prohibition distance from the pipeline would be 600 feet in respect of houses or other buildings. That means, I take it, that there would be a 1200-foot lane through the land on which the proprietor or owner could not put any buildings. In effect, he would be prohibited from putting up any buildings in an area almost a quarter of a mile wide. I am correct in that, am I?

**Senator Olson:** At the committee hearings one of the senators advised us that there were certain mortgage companies—and I think he mentioned CMHC in particular—that would not favour advancing a mortgage on a dwelling that was less than 600 feet from a high pressure gas line—and that, of course, would be 600 feet on each side. There are regional planning boards in certain parts of the country that have rules as to what they will approve, and give a building permit for, with respect to distances from high pressure gas lines.

Honourable senators, I have talked about the notification to landowners before mentioning the approval of a detailed route. I have talked about setting up an arbitration procedure—the arbitration committee. I just want to go quickly through the rest of the details here, because I hope that this bill will be referred to a committee for detailed examination.

The Expropriation Act provides for negotiating procedures in the event that a pipeline company and the landowner cannot reach an agreement. We have put that in here, in clause 75(1), so that there can be a 60-day period during which a third party, called a negotiator and appointed by the minister, tries to bring the two parties together so that they can settle any outstanding differences without going the arbitration route. If that fails, then, of course, the arbitration procedure follows. I might also say that if it appears that the negotiation procedures are not making good progress, the pipeline company may ask that the whole matter be referred directly to arbitration. The reason for that is very simple. It is only the arbitration committee that can issue an immediate right of entry permit, and until the case gets to them, of course, they will not be in a position to act. We certainly do not want to frustrate construction deadlines, and target dates, and so on, by having people in a position where they cannot go to arbitration and get an immediate right of entry if that is necessary.

● (1500)

We then provide for the arbitration procedure that I explained a few minutes ago, but we expect these arbitration committees will only stay in existence during the construction of a pipeline, and for as long after as is necessary to settle substantially all of the outstanding disputes.

Clause 29.2 provides for the termination of an arbitration committee by the minister. If there are some further outstanding issues that need to be arbitrated afterwards, the National Energy Board will have the authority to appoint three suitable persons to act as an arbitration committee. This will become important, too, in the five-year review process, because in the event that the landowner and the pipeline company are unable to reach agreement on what future annual rentals may be, then the National Energy Baord would be in a position to set up a tribunal to arbitrate those differences.

We provide in clause 75.16 for immediate right of entry, although it is not quite that immediate. It does require 30 days' notice to the landowner before a right of entry can be ordered by the arbitration committee.

One other thing honourable senators will be interested in is that one of the clauses provides that an arbitration order shall carry the same weight with respect to enforceability as if it were an order of a court. This is provided so that, in the event the orders issued by the arbitration committee are not appealed to a superior court, the enforceability will be the same in any event. If an order is made for a certain amount of compensation and the company fails to pay it, the landowner would have no option but to take it to court for collection purposes. We think this is unnecessary, and that is should be enforceable.

Honourable senators, I believe this is a well-researched bill. We have looked at all the present statutory law in the provinces, and we have satisfied ourselves that we are not setting out on any new departure. There are some precedents somewhere in Canadian law for almost all the details contained in this bill. We believe it updates the law, and perhaps brings an element of justice to landowners in their dealings with pipeline companies that should have been brought a long time ago.

I would add that I think most pipeline companies have, in dealing with landowners over the years, been more generous than the law required them to be, but that still does not alter the fact that if they apply the law strictly and only up to the limit to which they are required, the landowner is in a very weak bargaining position with respect to them. This bill will correct that to a very large degree.

In conclusion, I wish to indicate that if this bill receives second reading I will move that it be referred to the Special Committee of the Senate on the Northern Pipeline, because we believe that in fairness we ought to provide an opportunity for so-called outside witnesses to be heard. I refer here to the pipeline companies, their associations such as the Canadian Petroleum Association, the Independent Petroleum Association, farm organizations like Unifarm, the Canadian Federation of Agriculture, and so on. If they wish to come and give us their views on what is contained in the bill I think they should have that opportunity. It is a fact, of course, that many of these companies appeared before the committee during the preparation of the bill, but now that the bill is in its completed form it seems to me that it would be only fair and just to refer it back to the committee so that these witnesses may be heard.

With those remarks, I recommend that honourable senators give this bill second reading and refer it to the committee.

**Senator Bosa:** Would the honourable senator permit a question? I was reluctant to interrupt him during his presentation. While speaking of the trench to accommodate the 56-inch

pipeline, he mentioned the soil and intimated that it might not be possible to restore it to its former fertility. There are many precedents in Canada because there are many pipelines. Was the honourable senator speculating on this matter, or was he speaking from his experience and that of other landowners?

**Senator Olson:** I think a little of both, but mostly from experience. I have had drawn to my attention some loss of growth of cereal crops, grass or whatever, growing over a pipeline, where there was an initial burst of additional growth because of the deep cultivation, which after two of three years was followed by very much less growth. That is when we get to the speculative part. I do not have any technical data to prove it was caused by the soluble mineralization that was drawn to the surface and brought into the plant root zone, or by heat or some other factor. However, from observation it is quite clear that there is deterioration in the growth over these pipelines some time later on. I know of cases where the growth above pipelines that have been in the ground since 1958, and the growth over large parts of the rights-of-way, is substantially less than the growth on adjacent soil that has not been disturbed.

**Senator Godfrey:** I should like to ask the honourable senator a question. Last week, when I moved the second reading of Bill S-11, the Trademark Bill, 1979, I drew the attention of the Senate to the fact that some of the clauses were in italics because they were considered to be incidental monetary clauses and therefore could not be included in a bill which is first introduced in the Senate. For example, clause 36(e) is in italics, meaning it would be struck out later in a Senate committee, because it provided for the "awarding and payment of costs or security for costs." Senator Olson referred to clause 75.26 of Bill S-12, which says:

> All costs and expenses incurred in the establishment and operation of an Arbitration Committee shall be paid by the company.

I am wondering whether any consideration has been given to whether or not that clause should be in italics, as was the similar clause in Bill S-11, and whether we have the power to pass it because it might be considered an incidental monetary clause.

**Senator Olson:** That was very carefully put in there so that it would be within the jurisdiction—if that is the right word—of a bill originating in the Senate. If it had not been in there it could be interpreted as a charge on the public treasury.

• (1510)

It is well known that a money bill that makes a direct or indirect charge on the public treasury has to be moved in the House of Commons, preceded by a recommendation from an appropriate minister. Therefore, the amendments to the act have been carefully drawn so that there will not be, as a result of these clauses, a direct or indirect charge on the public treasury. Therefore, all costs are made on the company.

The House of Commons or some minister may wish to amend this bill when it gets there so that some of the costs may be at public expense—for instance, the cost of the ongoing arbitration committee. That will be in existence all the time. I think it is appropriate that the pipeline company making an application should pay all the costs, including the cost of arbitration. If when that committee has gone out of existence—and there is provision for that—a dispute arises, it seems to me that that is an appropriate cost to be borne by the National Energy Board. We wanted to be careful not to put in a clause that would give cause for someone to dismiss the bill on technical grounds.

**Hon. G. I. Smith:** Honourable senators, I rise to support the motion for second reading. In doing so, perhaps I will be permitted to give some further extension of the reasons which have been put forward so well by Senator Olson.

I wish to place before you the thought that the committee which drafted this bill is not, in the interest of having the bill accepted by other places or by other persons or organizations, the appropriate committee to examine the bill after second reading has taken place. Perhaps I will expand a little more on that as I go along.

The Senate, and the people who will benefit from this bill, owe Senator Olson a debt of gratitude for the energy, drive and keenness with which he has taken hold of this committee, and for recognizing the problem of compensation. It was a pleasure to work with him, and I think he has done the Senate credit. I have nothing but the most congratulatory words for the manner in which he conducted the business of the committee.

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

**Senator Smith (Colchester):** Generally, I am fully in accord with his views on compensation, although we might look at one or two minor aspects, and one major aspect, of it. However, I do feel, in order not to lose any of the advantage the Senate and the people the bill will assist might get, we ought to make sure that no stone is left unturned to ensure that when the bill goes forth from the Senate, it goes forth in the best possible condition, in an actual sense and in a psychological sense. I would be very unhappy, as I am sure all honourable senators would be, if the criticism were made, as perhaps might be the case if the bill goes back to the committee, that, after all, this is something that was put together by a bunch of people who had made up their minds that they were going to change this question of compensation, and it has never really had a good going-over by some neutral group.

The situation I think is even more difficult for the landowner than Senator Olson said. I think he was rather generous in his comments regarding the present situation. There really is very little to guide the court as to what the compensation should be and what factors should be taken into consideration in calculating it. As Senator Olson has said, the National Energy Board Act disposes of this question by saying that sections 148 to 184, plus section 186, of the Railway Act shall apply *mutatis mutandis*, which means in legal jargon, changed about to suit the circumstances.

The Railway Act, as Senator Olson said, is not, by any means a modern act. It is not, by any means in tune with a

modern view of what should be done regarding compensation for property taken without the owner's consent. Indeed, the Railway Act says, for the guidance of the court—which is either a county court for the district in which the land is located, or if there is no county court, the superior court for that district—that the court shall take into consideration such matters as it thinks proper. In one sense, that leaves the widest possible scope, but in the other sense, it gives the least possible guide.

Senator Olson and his staff evolved a more satisfactory guide for the arbitration committee and, therefore, for any court to which the decision of the arbitrators may be appealed.

Clause 75.12(2) of the bill states:

> An Arbitration Committee, in determining the amount of compensation payable for the acquisition of lands, shall consider
>
> (a) the market value of the lands;
>
> (b) the loss of use of the lands granted to the company by the owner thereof;
>
> (c) the adverse effect of the lands granted to the company on the remaining lands of the owner;
>
> (d) the nuisance, inconvenience and noise that may reasonably be expected to be caused by or arise from or in connection with the operations of the company;
>
> (e) the damage to the lands in the area granted to the company that might be caused by the operations of the company;
>
> (f) any special difficulties in relocation; and—

As is usually the case, the catch-all paragraph:

> (g) such other factors as it considers proper in the circumstances.

• (1520)

It then goes on to define the phrase "market value." I am sure honourable senators will recognize the phraseology used. The phrase "market value" is defined as follows:

> (3) For the purpose of paragraph (2)(a), market value is the amount that would have been paid for the lands if, at the time of its taking, it had been sold in the open market by a willing seller to a willing buyer.

**Senator Flynn:** It has always been very confusing.

**Senator Smith (Colchester):** It is better than none at all, or at least I would be inclined to argue that it is better than none at all.

**Senator Flynn:** Agreed.

**Senator Smith (Colchester):** It is some improvement over the present situation.

The bill then deals with a further matter of compensation which, so far as I can tell, is not one that receives very much consideration under the present law. The proposed section 75.13(2) reads:



> An Arbitration Committee, in determining the amount of compensation payable for any damages suffered as a result of the operations of the company, shall consider
>
> (a) damage to any lands of the owner, other than those lands entered upon, used, occupied or taken by the company;
>
> (b) loss of or damage to livestock or other personal property of the owner of the lands;
>
> (c) time spent or expense incurred by the owner of the lands in recovering any of his livestock that strayed due to any act or omission of the company; and
>
> (d) such other factors as it considers proper in the circumstances.

It seems to me, honourable senators, that that enumeration of factors is certainly a great improvement over the present situation. The act as it now reads merely says that the court shall consider such factors as it considers proper. Notwithstanding the fact that a good deal of jurisprudence has grown up around that phrase, surely this is a very substantial improvement.

There is another change which is not ordinarily found in compensation statutes, and this, doubtless, I should think, will be the object of some criticism by those who do not like the bill, if there are such people—and I am not suggesting that there are any in the Senate—and that is the point which Senator Olson referred to as the five-year review. Under that provision, if the compensation is chosen by the landowner to be taken in periodic payments, annual or otherwise, the amount thereof is to be reviewed every five years. That, I think, is something fairly new in terms of compensation provisions. I do not think it is unreasonable, but it is something on which we no doubt will hear some criticism.

I am not now trying to pick out everything that might be the object of criticism, but I think there is one further provision which requires further consideration, and that is the proposed section 75.23, which provides as follows:

> (1) An order granting a right of entry—

That is, a right of entry to the company.

> —is deemed to vest in the company unless otherwise provided in the order the exclusive right, title and interest in the lands in respect of which the order is granted.

Once the right of entry is granted by the authority authorized to grant it, unless otherwise provided, the company gets what we lawyers call *fee simple* title to the land. It seems to me that it should grant only the easement required, or whatever it may be, unless something more is ordered.

Perhaps I have said enough on that point to indicate that I do support the bill and its contents; that I do support what Senator Olson has said about its merits and its improvement of the situation as between the landowner and the company or organization expropriating the land or acquiring an easement. I have not yet said very much about the other point, that being the question of which committee of the Senate should deal with this matter.

The Senate—and I am very glad to see it—is embarking upon, not a new course of action, but certainly a somewhat unusual course of action in light of the activities of this house, at least during the time since I have been a member. I think it is an excellent course of action. It is something we should have more of. I was glad to see Senator Sparrow introduce a bill yesterday—a bill which, like this one, is the result of very careful consideration and investigation of a certain situation by a committee of this house.

We are embarking on a different course from that usually followed. We are embarking on a course in which the whole Senate—and I join with Senator Olson in making this request—is being asked to produce a bill designed to remedy a bad situation, a situation which no one else has done very much about improving. It is a course for which we hope to win the favour of the government and a majority of the members of the other house.

It is not good enough to have the Senate pass a bill and then request the other place to get busy and do something about it. That is not going to help the situation. That is not going to help the landowner. If we are going to be helpful and effective, what we have to produce is a bill which will attract the attention, the sympathy and the support of the government and the majority of the members of the other house. I would like to think it would attract the attention and sympathy of members on all sides of the other house.

One of the steps the Senate could take to ensure that it puts forward the best possible bill is to have the measure carefully examined by a committee which has no preconceived ideas, a committee which has not, as I have—and I am sure other members of the committee have, too—a very strong conviction that what we are doing is the right thing and something which should be done.

I do not mind saying that I am in no great mood to change my mind on the contents of the bill simply because representations are made on behalf of someone who doesn't like it. I will be pretty hard to convince. Instead of being a neutral judge of the merits and the claims put forward, and any objections to the bill put forward, I will be a defender of the bill, and I suspect the Chairman of the Special Committee on the Northern Pipeline, Senator Olson, would be too, as would any other member of the committee.

In that situation, those making representations in opposition to the bill will go away feeling that they simply did not get a fair hearing. We cannot say to those who are objecting that Senator Olson will be absolutely open-minded about this or that other members of the committee will be absolutely open-minded about it. Speaking for myself, I am not. I believe it is the right thing. I believe it ought to be supported. I believe it ought to be passed. No one objecting to the bill could possibly look on me as a neutral and impartial person judging their objections.

• (1530)

We have to persuade a government—and it may be one which has a greater insight into such things than the present one, but that is another matter—and we have to persuade a majority of the members of the other place. I think we would also like to have a pretty strong bond of public support for what we are doing and for the bill as one worthy of receiving the support of the government and the members of the other place. Therefore I say that while I hope and believe we will have all the prestige of the Senate behind this bill eventually, we want to make sure that there are no things left undone by the Senate which would make it more likely to be accepted and treated as a bill which deserves support, and make it more likely to be a bill which will be open to a minimum of criticism by those who may not like it.

So, honourable senators, while it distresses me greatly to have this difference of views with Senator Olson on a matter which has nothing to do with the substance of the bill, but only with the progress that we hope it will make, I still cannot refrain from saying that I think the Senate, if it is so minded, could do more to bring about the eventual success of this bill if it were to refer it for study to some other committee which would at least have the advantage of not having preconceived ideas already formed.

**Senator Flynn:** Honourable senators, I cannot tell if Senator Olson wishes to conclude the debate at this time. But before it comes to that, I would like him to tell me if he would agree to have the bill referred to the Standing Senate Committee on Legal and Constitutional Affairs rather than the Special Senate Committee on the Northern Pipeline.

**Senator Olson:** Honourable senators, I am treading perhaps on doubtful ground since there could be a question as to whether I am in order or not in making an explanation at this time. But if honourable senators agree that I can answer the question I would say, as I said in my opening remarks, that I would prefer to have this bill sent back to the Special Senate Committee on the Northern Pipeline.

My reasons for that are very simple. The members of that committee are already familiar with the background against which the proposed amendments were framed. If that were to be the last stage in the examination of this bill before it became law, then I would have a much higher level of agreement with Senator Smith's arguments because I certainly agree that the special committee should not be the judge and jury in respect of its own work. But the fact remains that it is not the last stage. As a matter of fact if the bill should pass all stages, including third reading in the Senate, it will then be sent to the House of Commons where presumably it will go through the same process of first reading, second reading, referral, no doubt, to a committee where outside witnesses can be heard, and then return to the Commons for third reading before royal assent. So it seems to me that when there are so many checks and balances in the system with opportunities for outside witnesses and interested parties to be heard, it would be useful if the bill were referred to the committee whose members are already familiar with its background.

I want to make one further point in answering Senator Flynn's question, and that is that I think there is a much higher degree of flexibility and open-mindedness on the part of

the members of this committee to make any reasoned and sensible amendment that outside witnesses may wish to suggest, and we would not have to go through the long process of familiarizing a new committee with all the background that this committee has acquired over the last five or six months.

**Senator Flynn:** Honourable senators, in view of the fact that Senator Olson is not prepared to agree at this time that the bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs, I am going to move the adjournment of the debate in order to consider the problems outlined by Senator Smith (Colchester) and some which I have just detected by glancing at the bill. Perhaps Senator Olson will change his mind by tomorrow, in which case we can give the bill second reading then, after which it can be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See page 594*)

TABLE 1

Total Number of Active Civilian Physicians,[1] by Province, Canada, 1968-1977[2]

| Provinces | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|---|---|---|---|---|---|
| Newfoundland | 379 | 428 | 466 | 479 | 504 | 605 | 660 | 732 | 779 | 803 |
| Prince Edward Island | 92 | 94 | 97 | 98 | 105 | 105 | 114 | 120 | 140 | 141 |
| Nova Scotia | 994 | 971 | 1,032 | 1,081 | 1,147 | 1,301 | 1,320 | 1,388 | 1,404 | 1,478 |
| New Brunswick | 596 | 577 | 568 | 609 | 656 | 677 | 726 | 741 | 773 | 781 |
| Quebec | 8,428 | 8,499 | 8,831 | 9,455 | 9,677 | 10,149 | 10,603 | 10,846 | 11,262 | 11,545 |
| Ontario | 10,239 | 11,200 | 11,851 | 12,506 | 13,364 | 13,723 | 14,125 | 15,121 | 15,251 | 15,692 |
| Manitoba | 1,336 | 1,353 | 1,401 | 1,533 | 1,573 | 1,597 | 1,629 | 1,732 | 1,769 | 1,811 |
| Saskatchewan | 1,086 | 1,129 | 1,152 | 1,128 | 1,140 | 1,186 | 1,251 | 1,305 | 1,315 | 1,390 |
| Alberta | 1,994 | 2,129 | 2,256 | 2,384 | 2,444 | 2,526 | 2,662 | 2,737 | 2,911 | 3,014 |
| British Columbia | 3,032 | 3,242 | 3,471 | 3,624 | 3,850 | 4,004 | 4,151 | 4,328 | 4,470 | 4,684 |
| Yukon | 14 | 16 | 20 | 17 | 16 | 18 | 23 | 23 | 22 | 25 |
| Northwest Territories | 15 | 18 | 21 | 28 | 31 | 29 | 33 | 30 | 33 | 34 |
| Province Unspecified | 4 | 3 | — | — | 1 | 3 | — | 1 | 1 | — |
| CANADA | 28,209 | 29,659 | 31,166 | 32,942 | 34,508 | 35,923 | 37,297 | 39,104 | 40,130 | 41,398 |

[1] Includes interns and residents.
[2] December 31 of each year.

TABLE 2

Population per Active Civilian Physician,[1] by Province, Canada, 1968-1977

| Provinces | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|---|---|---|---|---|---|
| Newfoundland | 1,348 | 1,206 | 1,114 | 1,100 | 1,060 | 893 | 827 | 758 | 720 | 704 |
| Prince Edward Island | 1,207 | 1,170 | 1,144 | 1,143 | 1,086 | 1,095 | 1,026 | 983 | 857 | 865 |
| Nova Scotia | 776 | 802 | 761 | 734 | 698 | 622 | 619 | 596 | 594 | 568 |
| New Brunswick | 1,052 | 1,083 | 1,109 | 1,048 | 982 | 962 | 910 | 910 | 884 | 886 |
| Quebec | 707 | 706 | 681 | 639 | 627 | 601 | 580 | 573 | 556 | 544 |
| Ontario | 717 | 669 | 646 | 621 | 589 | 583 | 575 | 544 | 546 | 538 |
| Manitoba | 730 | 724 | 702 | 645 | 631 | 627 | 620 | 588 | 581 | 572 |
| Saskatchewan | 883 | 840 | 805 | 813 | 796 | 759 | 721 | 703 | 708 | 679 |
| Alberta | 775 | 742 | 716 | 690 | 686 | 677 | 660 | 663 | 645 | 642 |
| British Columbia | 673 | 650 | 625 | 614 | 592 | 587 | 583 | 568 | 556 | 539 |
| Yukon | 1,143 | 1,063 | 900 | 1,118 | 1,250 | 1,167 | 913 | 957 | 1,000 | 880 |
| Northwest Territories | 2,067 | 1,778 | 1,619 | 1,321 | 1,258 | 1,345 | 1,242 | 1,400 | 1,303 | 1,294 |
| Province Unspecified | — | — | — | — | — | — | — | — | — | — |
| CANADA | 740 | 714 | 689 | 659 | 636 | 619 | 605 | 585 | 578 | 566 |

[1] Total physician count includes interns and residents.

TABLE 3

Number of Active Civilian Physicians, by Province and Type of Physician, Canada, 1977

| Provinces | General Practitioners and Family Practitioners | Specialists | Interns and Residents | Total |
|---|---|---|---|---|
| Newfoundland | 432 | 209 | 162 | 803 |
| Prince-Edward-Island | 84 | 53 | 4 | 141 |
| Nova Scotia | 657 | 530 | 291 | 1,478 |
| New Brunswick | 399 | 324 | 58 | 781 |
| Quebec | 3,985 | 5,540 | 2,020 | 11,545 |
| Ontario | 6,818 | 6,258 | 2,616[1] | 15,692 |
| Manitoba | 780 | 711 | 320 | 1,811 |
| Saskatchewan | 770 | 439 | 181 | 1,390 |
| Alberta | 1,369 | 1,165 | 480 | 3,014 |
| British Columbia | 2,312 | 1,966 | 406 | 4,684 |
| Yukon | 22 | 3 | — | 25 |
| Northwest Territories | 26 | 8 | — | 34 |
| Province Unspecified | — | — | — | — |
| CANADA | 17,654 | 17,206 | 6,538 | 41,398 |

[1] As of November 1, 1977.

# THE SENATE

**Thursday, February 22, 1979**

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

Prayers.

## LIBRARY OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Howie had been substituted for that of Mr. Roche on the list of members appointed to serve on the Standing Joint Committee on the Library of Parliament.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the President of Loto Canada Inc. to the Minister of State (Fitness and Amateur Sport), dated February 19, 1979, relating to the Loto Select project.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, February 28, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 27, 1979, at 8 o'clock in the evening.

Before the question is put, I should like to give a brief outline of the business we will have when we return next week. In the Senate we will continue with the items on the order paper, and there are four inquiries which will probably be debated.

The committee schedule for next week is as follows. On Tuesday the Special Committee on the Northern Pipeline will meet at 10 o'clock in the morning. I understand that this committee may also meet on Wednesday and Thursday; however, that decision has not yet been made. The Special Committee of the Senate on the Constitution will hold an *in camera* meeting at 2 p.m., and the Special Committee on Retirement Age Policies will also meet at 2 p.m. The Standing Senate Committee on Banking, Trade and Commerce will meet *in camera* at 2.30 p.m. on the subject matter of Bill C-15, the Banks and Banking Law Revision Act. The Standing Senate Committee on Legal and Constitutional Affairs will also meet *in camera* at 2.30 p.m. on the subject matter of Bill C-9, the Canada Referendum Act.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. on the subject matter of Bill C-37, the Income Tax Amendment Act, and this committee will also meet at 2.30 p.m.

On Thursday the Standing Senate Committee on Banking, Trade and Commerce and the Special Committee on Retirement Age Policies will both meet at 9.30 a.m. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

Motion agreed to.

## ENERGY SUPPLIES EMERGENCY BILL

PRIOR CONSULTATION WITH PROVINCES—QUESTION

**Senator Flynn:** Honourable senators, I hope that the Leader of the Government spent a good morning—I was going to say a good week—in Toronto. My question is with regard to Bill C-42, entitled, the Energy Supplies Emergency Act, 1979. I am wondering whether the Leader of the Government could tell me if previous consultations were held with the provincial governments, especially those more interested in the question of energy than others, before this legislation was tabled in the other place.

• (1410)

**Senator Perrault:** Honourable senators, the bill which, with the co-operation of the opposition in the other place, we hope will be passed shortly, is really very similar to a bill that was before Parliament in the early seventies. That bill was never passed. It was, then, available for study by the provincial governments. The text is not new; indeed, the contents have been available for a considerable period of time. As I said, this bill is similar to the previous bill. As such, it is really not a new piece of legislation. The terms of the proposed legislation are well known to the provinces. That is why there is some federal lack of understanding of the reported concern expressed by at least one provincial government in the past few hours indicating that no legislative action should be taken by the federal

Parliament in this matter unless there is prior consultation with the provinces.

**Senator Flynn:** Of course, the leader realizes that the previous bill was considered some four or five years ago. The circumstances were not exactly the same. The position of the Senate was not exactly the same at that time because it had not been criticized for failing to represent regional aspirations. Therefore, in the new circumstances, my question is very important and I should like a reply. Was there consultation just prior to the introduction of the bill?

**Senator Perrault:** Honourable senators, if the Leader of the Opposition is speaking of formal consultation with each of the provincial governments, that has not taken place. However, the reports overnight concerning the alleged objection entered by the Province of Alberta are being pursued by the federal government. I would think that federal officials will be in contact with officials in Alberta to determine the exact nature of the concerns, if any. The proposal is being considered.

**Senator Olson:** Honourable senators, I have a supplementary question. The Minister of Energy and Natural Resources of Alberta indicates that some of the provisions in the bill are not clear to Alberta, because all they have received recently, according to the minister, is a telex indicating that the federal government will move forward rapidly on this matter this week. Because the co-operation of Alberta is important in this matter, if not absolutely vital to the bill being passed, could the leader tell us if there is going to be consultation, so that Alberta will understand the totality of what this bill intends to do?

**Senator Perrault:** May I say that it was heart warming to see the reception given to the Right Honourable the Prime Minister and members of his cabinet when they arrived in Toronto to hold their cabinet meeting.

**Senator Flynn:** What has that to do with the question?

**Senator Perrault:** It has something to do with the question in that at that cabinet meeting the only information available consisted of incomplete radio and television news reports. As of this morning, no formal communication appears to have been received from the Province of Alberta. Consequently, there was no formal objection for the cabinet to consider.

**Senator Olson:** Apparently the Province of Alberta received no formal notification from the Government of Canada indicating that they were going to move on this bill yesterday. According to the news reports, and I cannot guarantee their accuracy, they received a telex only yesterday about this, and that is where the confusion lies. It stems from this lack of communication. So all I am saying is that this could be cleared up if both sides were to get together and explain to each other what it is they intend to do.

**Senator Perrault:** Honourable senators, it is expected that the Honourable Alastair Gillespie will have a statement to make today with respect to the situation. But may I say that one of the advantages in having effective central government in this country, or in any country, is that when emergency situations arise, such a central government can take the actions necessary in the public interest. The matter of providing adequate energy supplies for the Canadian people is of vital importance to all provinces. In my view, conditions are such that this is not the time to convene a full-blown federal-provincial conference with respect to a situation that could become an emergency.

As I have said, it is expected that a statement will be made by Mr. Gillespie today. Certainly it is to be hoped that any problems with any of the provinces can be resolved.

## THE CABINET

### MEETINGS IN TORONTO—QUESTION

**Senator Flynn:** May I ask the Leader of the Government, in view of the great reception given to the Prime Minister in Toronto, if the cabinet met there in public?

## STATISTICS CANADA

### SUGGESTED APPEARANCE OF OFFICIALS BEFORE SENATE COMMITTEE—QUESTION

**Senator Bosa:** Honourable senators, pursuant to the question I put to the Leader of the Government in the Senate yesterday relating to having an official of Statistics Canada appear before the Standing Senate Committee on Banking, Trade and Commerce for the purpose of informing members of that committee how the cost-of-living index is computed, I discussed this matter today with Senator Hayden, who is chairman of the committee, and he informed me that the request has to emanate from this chamber. Would the leader advise me how I should go about causing such a request to be issued?

**Senator Flynn:** You could consult me too.

**Senator Perrault:** Honourable senators, the question will be pursued.

## ENERGY

### POWER OF FEDERAL GOVERNMENT TO ACT UNILATERALLY—QUESTION

**Senator Smith (Colchester):** Honourable senators, before I come to my main question which is about energy, I was wondering if the great reception afforded to the Prime Minister in Toronto today and yesterday would encourage him to do his duty and seek the verdict of the people on whether or not they want him there any longer as head of the Government of Canada.

**Senator Perrault:** Honourable senators, there is every sign that very shortly the Canadian people will have the opportunity to exercise their right of freedom of choice at the ballot box.

**Senator Smith (Colchester):** Then, returning to the question of energy, and since we won't need much of it to deal with the

other imminent problem, I am wondering if the Leader of the Government can assure the Senate that the government is satisfied that all the matters which purport to be dealt with in the bill we have just been discussing concerning energy can be carried out without the consent of the provinces.

**Senator Perrault:** Honourable senators, the government feels that it is proceeding in the correct constitutional fashion and on the basis of a perceived need and in the public interest. I may say that I am prepared to make a rather full statement on the energy situation, including reference to the Energy Supplies Emergency Bill, 1979.

**Senator Flynn:** The government did not think it could invoke the War Measures Act to deal with that energy problem?

• (1420)

**Senator Perrault:** That would be an action of a government of which you were a member.

**Senator Flynn:** No.

**Senator Perrault:** That is your solution.

**Senator Flynn:** The only time that the War Measures Act was invoked in peacetime was when it was invoked by the present Prime Minister 10 years ago.

**Senator Perrault:** With the full support of the Conservative Party.

**Senator Flynn:** Yes, because we believed that the government knew something about the situation. But the facts, when revealed, were otherwise.

**Senator McIlraith:** No, they were not.

**Senator Smith (Colchester):** Like many other people, members of the Progressive Conservative Party were misled by the incorrect and misleading statements that the government made at the time.

**Senator McIlraith:** That is not so.

**Senator Smith (Colchester):** Yes, it is so. In any event, while that is a subject that may be of interest to pursue, it is not why I rise at this point. I am sorry that the former Solicitor General seems so perturbed about it.

**Senator McIlraith:** I am perturbed. I do not think you should put on the record of this house falsehoods like that.

**Senator Smith (Colchester):** That is not a falsehood; that is the truth.

**Senator Perrault:** May I say, honourable senators, for the record, that before that measure was invoked, there was full consultation with all the party leaders in the other place, including the then leader of the Progressive Conservative Party. There was full assent on his part when apprised of the information then available. The Progressive Conservative Party, as were other parties, was fully a part of the decision taken at that time.

**Senator Smith (Colchester):** Of course they were, but that is not the question. The question is whether the information they were given was correct, and I suggest it was not. I do not care what the former Solicitor General, for whom I have a great deal of respect and affection, may say about it.

[Senator Smith (Colchester).]

**Senator Marshall:** Don't get too nice.

**Senator Smith (Colchester):** Well, I like the guy.

**Senator Flynn:** We can't help but like him.

**Senator Connolly (Ottawa West):** We like you too, Ike.

**Senator Smith (Colchester):** Given the various turns the questions and answers on this subject have taken, I am not sure that I have had an answer to my question as to whether the federal government believes that everything that must be done to carry out the provisions of the bill concerning the rationing of energy can be done without the consent of the provinces. I do not believe the Leader of the Government answered anything like "yes" or "no" or "maybe" to that.

**Senator Perrault:** Honourable senators, I shall be glad to take the essence of that question as notice and provide a fuller explanation of the government's position at a later date.

## QUESTION PERIOD

### POINT OF ORDER

**Senator McIlraith:** Honourable senators, I should like to rise to a point of order that I believe is of utmost importance to all senators.

Under the guise of asking an oral question relating to the subject of energy and the emergency that exists at this time, presumably to get information of interest to all honourable senators, certain statements were made concerning the use of the War Measures Act 10 years ago, and an assertion was made that is quite contrary to the facts and surely ought not be brought before the Senate in that form—

**Senator Flynn:** What form?

**Senator McIlraith:** In the form of a preamble to a question respecting the energy situation in Canada in 1979. To bootleg information like that into a question being asked during the Question Period constitutes irresponsible conduct. Statements put in that fashion can obviously not be dealt with in any answer to the actual question and are, because of the form in which they are put, harmful.

I would hope that honourable senators would address themselves in the Question Period to seeking information on government business and not take advantage of the Question Period to introduce remarks that are quite extraneous and foreign to the subject then before the house.

**Senator Flynn:** Honourable senators, on the point of order, since it is insinuated in those comments that the opposition took advantage of the situation, I would like the honourable senator to look at the record tomorrow. He will see that the person who introduced the matter was the Leader of the Government, when he said that our party had used the War Measures Act. When I indicated it was only the present government, he said "With the approval of the Conservative Party." Therefore, I was entitled to say that we were badly

informed. I am still convinced that we were badly informed. I do not mind whether the honourable senator is not in agreement with me. That is his privilege. But it is also my privilege to say what I have said.

**Senator McIlraith:** Continuing on the point of order, the record will, or course, speak for itself. There was no reference in my remarks to Senator Flynn's or Senator Perrault's comments. I made reference to the bootlegging of extraneous material in connection with a question by Senator Smith (Colchester).

**Senator Smith (Colchester):** Honourable senators, I will try to make my bootlegging more agreeable to the taste of my honourable friend after this. On the point of order, I say precisely the same as my honourable leader. We did not introduce the subject. The subject was introduced by the Leader of the Opposition—again I am looking ahead; I should have said by the Leader of the Government—in a completely extraneous and unnecessary way. If my honourable and well-liked friend feels that the Leader of the Government should be permitted to say whatever he likes, whether or not it is in order, without reply from this side, then I must say that I differ from him and differ most vigorously. He invited the reply, or the bootlegging, or whatever he wants to call it. I didn't think it was bootlegging; I thought it was a straightforward reply to an unnecessary and extraneous remark.

If, as I have no doubt is the case, the honourable senator desires—and quite rightly desires—to keep questions and answers to the point, I am with him, because it would be much simpler to ask questions and get a straightforward reply than to go through the charade we have to go through every day to get an answer from the Leader of the Government. If Senator McIlraith wants to help us conduct business properly, reasonably and according to the rules, perhaps he could persuade the Leader of the Government to answer questions, and answer questions only, during the Question Period.

**Senator Perrault:** Honourable senators, I do not think that any good purpose is served by prolonging this matter. The record will certainly show that I did not initiate any discussion of the War Measures Act. It was done by the opposition. Secondly, may I say, in response to Senator Smith (Colchester), that I endeavour insofar as I am able, to answer questions as completely as possible in this chamber. I believe that the record is rather good in that regard.

**Senator Smith (Colchester):** I would like to read some of your answers, and we shall see if everyone thinks you are right.

**Senator McDonald:** Just because you don't get the answer you want—

**An Hon. Senator:** We don't get the right answers.

**Senator McDonald:** You don't ask the right questions.

**Senator Flynn:** You don't put any questions to him.

**Senator McDonald:** I know the answers.

[*Later:*]

**Senator Smith (Colchester):** Honourable senators, before the Question Period ends, I wonder if I might be permitted to say a word or two. I am not sure whether I should call this a question of privilege or not, but I feel impelled to say something because I feel I was unkind and, perhaps unfair to a very estimable senator, Senator McIlraith. Senator McIlraith is one of the most distinguished and estimable senators we have. He was a perfectly innocent bystander when, by some unintended course of events, he got caught up in something to which he, I think, quite properly objected. I regret having caused any pain to such a distinguished colleague.

## ENERGY

### INTERNATIONAL ENERGY AGENCY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Roblin asked an excellent and constructive question on February 15 regarding the International Energy Agency and oil supplies, a matter of considerable interest to all of us. He asked about a body called the International Energy Agency, and whether Canada was a member of that agency. He also asked further questions on that subject.

Yes, Canada is a member of the 19-nation International Energy Agency. IEA member countries have agreed to the following four contingency measures with respect to a possible oil supply emergency.

● (1430)

First of all, each country must maintain emergency oil reserves equal to at least 70 days of net imports, rising to 90 days by 1980. Canada currently has emergency reserves well in excess of these minimum requirements.

Secondly, each country must have demand restraint programs in readiness that would be activated in an emergency to reduce its oil demand by 7 to 10 per cent.

Thirdly, the IEA will maintain an emergency oil-sharing system for the fair distribution of available oil supplies among member countries.

Fourthly, each country must establish a domestic emergency oil-sharing organization. The Energy Supplies Emergency Bill, 1979, toward which the Leader of the Opposition directed such lively attention a moment or so ago, specifically providing for re-establishment of the Energy Supplies Allocation Board, fulfils Canada's commitment to the IEA to have in place adequate legislative authority to permit the imposition of mandatory control over the use and consumption of oil during an emergency.

So this action has been taken by the federal government in response to an emergency. I can hardly imagine, if we were in the process of being attacked by another nation or were about to enter a state of war, that we would find it a useful procedure to convene a federal-provincial conference and consult with all of the provinces over a month's period to determine what we should do. The government, under present circumstances, honourable senators, must demonstrate leadership, and this is what is being done. I am sure any difficulty with Alberta—if indeed any difficulty exists—can be worked out.

The International Energy Agency was set up in November 1974 by 16 oil-consuming countries belonging to the Organization for Economic Co-Operation and Development. An independent body within the OECD, the IEA carries out a comprehensive program of co-operation among its member countries. It is concerned with both long-term energy supply problems and possible oil supply emergencies. International tensions and domestic disturbances within oil-producing countries have focussed attention on the IEA's role in a possible oil supplies emergency. Contingency plans must be made to meet such an emergency. I have, of course, reviewed the four contingency measures that must be taken.

The emergency oil-sharing plan is activated when the IEA secretariat makes a finding that the member countries as a whole have suffered a reduction in oil supplies that could require a reduction in their average consumption of at least 7 per cent. In this event, each country restrains demand by 7 per cent and draws on its emergency reserves at a rate determined by agreement. The remaining oil is then shared among the member countries proportionately. If the supply reduction reaches 12 per cent the same procedure applies, except that each country restrains demand by 10 per cent. The plan works in a similar manner if a member country, or what is described as a major region of such a country, suffers a reduction in oil supplies that could require a 7 per cent reduction in consumption. Canada east of the Ottawa Valley and the eastern United States are regarded as so-called major regions under the plan.

If the emergency persists to the point where emergency reserves have been reduced by 50 per cent, the IEA countries would meet to decide further measures, including the level of demand restraint.

The plan would cease to operate when the IEA secretariat finds that reduction in supply to the member countries has fallen below 7 per cent. As an example, total consumption of the member countries is now about 36 million barrels per day. A 15 per cent shortage would reduce supplies to 30.6 million barrels a day. Since each country would reduce consumption by 10 per cent, the new consumption rate would be 32.4 million barrels a day. The difference of 1.8 million barrels between reduced consumption and the available supply would be made up by each country drawing on its emergency reserves at a proportionate rate. The oil thus made available would be distributed so that each country's net shortage would not exceed 10 per cent.

In the long-term, the IEA is dealing with a problem that could reach a crisis by 1985. Despite the development of North Sea, Alaskan and Mexican oil resources, the demand for imported oil could then exceed production by the member countries of the Organization of Petroleum Exporting Countries, known, of course, as OPEC. If, as some experts now predict, oil demand on OPEC for the world as a whole, including OPEC's demand for its own oil, increases to 42 million to 48 million barrels a day and OPEC production reaches only 36 million to 38 million barrels a day, there would be a gap of 4 million to 12 million barrels a day. Such a shortfall could mean sharp increases in oil prices, and possible serious shortages. The IEA member countries have agreed to hold the line on oil imports to 26 million barrels a day in 1985. Though the IEA does not establish targets for each country, members have announced their own targets, and these give a rough idea of how savings could be achieved.

To achieve group and individual objectives, the IEA member countries have committed themselves to 12 principles, which add up to a tough set of measures to encourage conservation, the development of alternative energy sources, especially renewable energy resources, and energy research and development. Each country's performance is reviewed against the guidelines annually, and, although there are no formal sanctions, these reviews have been candid, and in some cases harshly critical.

Of the 12 guidelines, only one, the commitment to develop nuclear power, is subject to reservations by some IEA members, mainly because they have not resolved domestic controversies concerning nuclear technology. Although some IEA members have reserves of coal, natural gas and hydroelectric power, as well as oil, nuclear power appears to be the only option for some.

The 26 million barrels per day target will be difficult to achieve, even with the best efforts, because it requires sacrifices now for benefits that will be realized only much later. A serious obstacle is the unwillingness of too many individuals in the industrialized countries to acknowledge that the problem is serious, and to conserve energy.

Honourable senators, I have taken some time in replying to this question because of its importance. I feel sure that if honourable senators require more detailed information, it can be made available. I direct that comment particularly to the Honourable Senator Smith (Colchester).

**Senator Roblin:** I thank my honourable friend for his detailed information. Following up on his last suggestion, I wonder if he could give us the reviews of the International Energy Association insofar as they affect this country, so that we may see how they have regarded our adherence to the regulations they have laid down. I would be grateful to know if we may see those reviews.

I offer the passing comment that, in view of the fact that this started in 1973, it seems perhaps a little offhanded that we have only now got around to bringing in a bill to enable us on a statutory basis to carry out our responsibilities under this proposal, if my understanding of the situation is correct.

I also refer to a request I made the other day for a statement about our strategic reserve. I think I probably did not express myself too clearly on that occasion, because I was not thinking of the total reserves of the nation, which is one thing. I was thinking of the strategic reserve of oil in place in areas of use, such as east of the Ottawa river, because one would think that if we had to supply a 70-day reserve stock, it should be distributed in accordance with geographic necessity, and that certainly would be the case. I would be grateful for any information I can get on that point.

**Senator Perrault:** Most certainly that information will be sought.

## STATISTICS CANADA

### COST-OF-LIVING INDEX—MEDIA REPORT OF SENATE PROCEEDINGS

**Senator Bosa:** Honourable senators, I wonder if I might be permitted to clear up a misconception that was created by the media in reporting me out of context, as having said that vegetables are a luxury. I did say that, but the reports did not go far enough. Honourable senators know that I meant that vegetables that cost $1.50 a pound or more are a luxury. It was only two or three years ago that filet mignon cost $1.50 a pound, and it was always considered to be a luxury. Just because I sit beside Senator Argue and close to Senator Olson, who are always pleading the plight of the beef producers, I hope that honourable senators did not think I was trying to influence them to switch from vegetables and become carniverous because of what they have been saying.

**Senator Perrault:** The representatives from Prince Edward Island have reminded me in the past few hours that potatoes, regardless of their price, are always a magnificent taste luxury.

**Senator Marshall:** I do not think the Honourable Senator Bosa should apologize. I think it is quite an achievement for a senator to get quoted in the press at all.

**Senator Flynn:** Well, he is not complaining about it, I don't think.

● (1440)

## LOTO CANADA

### MINISTER'S STATEMENT ON REPORT RELATING TO LOTO SELECT PROJECT—QUESTION

**Senator Roblin:** Honourable senators, may I refer the Leader of the Government to the report he has just tabled from the Honourable Iona Campagnolo, Minister of State for Fitness and Amateur Sport, relating to the cost of winding up that unfortunate adventure described as Loto Select. I feel that in the interests of informing the public accurately he might suggest to his colleague that she amend slightly a statement that she has authorized for distribution in connection with this matter.

If you read the report itself you will see that the actual anticipated cost of settlement for the termination of Loto Select is $13,120,000, which, on a total estimated obligation, or liability, of some $60 million, is 21.45 per cent—almost 21½ per cent—of the original obligation of $60.7 million.

In the press release that has gone out in connection with this matter the minister has computed the cost at roughly 13 per cent, which is about half of what the true cost is, by the very convenient device of only counting the cost to the federal government instead of counting the whole cost of this adventure. Anyone reading this press release would think that the problem was resolved for 13 per cent of the total liability, whereas actually it was resolved for 21.45 per cent of the total liability. I hesitate to use such a strong and probably semi-unparliamentary word as "misleading", so perhaps I could call it creative bookkeeping. Whatever it is it is a new style of mathematics as far as I am concerned, and I suggest to my honourable friend that he might induce his colleague to set the record straight and give the public a more accurate impression of what has actually taken place.

**Senator Perrault:** Honourable senators, there has always been a willingness on the part of the government and its spokesmen to state very emphatically that there are costs involved for provincial governments in this process as well. There has been a difficult negotiation with the provinces with respect to Loto Select, and under the circumstances I think it can be said that the minister responsible for Loto Canada has shown great skill and ability in negotiating the lowest possible—

**Senator Flynn:** Loss.

**Senator Perrault:** —cost settlement for both areas of government, federal and provincial.

As I recall the earlier reports broadcast from coast to coast in Canada, they were that this Loto Select process would involve a loss of $35 million to the Canadian taxpayer. The minister immediately denied that, and the facts obviously substantiate what the minister said on that occasion. However, the agreement which has now been achieved with the provinces, happily, will result in the successful operation of lottery plans, both provincial and federal, and ultimately the Canadian taxpayer and the Canadian people are going to benefit. I have in mind the possibility of substantial grants, for example, to the province of Manitoba, to assist in developing the hockey program there, both amateur and, I understand, professional, if Winnipeg is able to attract a National Hockey League team. It is better, surely, to have a successful agreement worked out between these levels of government than to have a protracted type of intergovernmental warfare with the taxpayer losing heavily on all counts.

**Senator Roblin:** Honourable senators, I only wish that Senator McIlraith had been listening to this exchange, because if ever there was an example of successfully bootlegging information into a question and answer, we have just heard it. I congratulate my honourable friend for his verbal dexterity.

I do not know whether I should follow him down the trail he has laid out for me in connection with this proposed grant of $5 million for the Winnipeg auditorium, but it does illustrate the fact that like the Bourbons this government has learned nothing and forgotten nothing.

One of the complaints the provinces have been making with regard to the policies of the federal government concerns just this type of tied grant, this conditional grant, this interfering grant, by which they advance what they believe to be their own political interests at the expense of other people. In this particular case, if I have my facts right, the same minister, the Honourable Iona Campagnolo, said to Winnipeg, "We will give you $5 million provided the city will put up $5 million and

provided the provincial government will put up $5 million and, what is more, provided the National Hockey League will give you a franchise."

I do not know what to call that kind of gift—there is an expression for it which escapes my tongue at the moment—but it is certainly a very peculiar type of undertaking that rests on four legs, as this particular stool happens to rest.

**Senator Perrault:** Do you oppose the grant?

**Senator Roblin:** I oppose the manner in which it is given. I oppose the linking of this matter with three other institutions that have nothing to do with the interests of the federal political party that proposed it, and I think the whole thing is a reprehensible example of the way you should not conduct federal-provincial affairs, and the way you should not promote sport in Canada, in any case.

I think that one can make a very good argument that if you have $5 million to spend on hockey there are other and better things to do with it than spend it on a National Hockey League team in Winnipeg, as much as I would like to see one there. I followed my friend far too far down the trail that he broke for me, but I do not see why he should complain, because he gave me the opportunity to do so.

What I would like to say to him, getting back to the point in question, is that I would have much more respect for the minister's capacities as a negotiator if I had the same respect for her capacity to transmit the facts to the public. When she implies in her press release that the cost is 13 per cent instead of 21 per cent, I think she oversteps the bounds of reason. When someone says that we should be throwing our hats in the air because it isn't $35 million but only $13 million, I am afraid that kind of argument leaves me somewhat unmoved.

I follow what I have to say, however, with a question to my honourable friend. Is it correct that the Auditor General is in the process of investigating this particular transaction?

**Senator Perrault:** Honourable senators, my reply to the final question of Senator Roblin is that I do not have that information before me. I know that the Minister of Fitness and Amateur Sport has been very open in all of the explanations and information she has provided with respect to that matter, and I think it highly likely that she would welcome that kind of study by the Auditor General.

Honourable senators, I cannot help but say that it saddens me when I hear this attack on fitness and amateur sport by the former premier of Manitoba. Here, in an act of unstinted generosity—

**Hon. Senators:** Oh! Oh!

**Senator Perrault:** —the federal government has extended aid to the Brandon Games, and we are very proud about that. There has been no reference at all to the aid given by Loto Canada to the Brandon Games, one of the most successful sports spectacles we have had in Canada for years. I find that very difficult to accept, and it saddens me. I see my distinguished colleague Senator Guay nodding his head in assent.

[Senator Roblin.]

**Senator Flynn:** On a point of order. I have no objection to this circus going on, but if you continue it, we will feel compelled to reply in kind.

**Senator Perrault:** Honourable senators, I can only state that this attack on Loto Canada by the opposition is an attack on amateur sport from coast to coast in this country. It is an attack on the Mayor of Winnipeg, who supports this program and has hailed it. It is an attack on many people in the Government of Manitoba, who say that this is a constructive grant. It saddens me that a former premier would take this negative attitude.

**Senator Roblin:** Honourable senators, if I had no sense of humour, I suppose I should not be on this side of the house but, actually, have you ever heard a more ridiculous statement than the one that has just been made?

**Senator Flynn:** Some of those he uttered before were just as ridiculous.

**Senator Roblin:** Yes, but I suppose you have to take them with a humourous slant of mind, because they were obviously intended to be funny. The point is that the attack is not being made on Loto Canada, although I would be glad to talk about that some day, because I have views on lotteries. The attack is not being made on Loto Canada—far from it. The attack is being made on the conduct of the minister and her policies which have resulted in someone's ante-ing up $13 million plus for nothing. That is precisely the point of attack.

● (1450)

I am not one of those who deny that the Brandon Winter Games were a great success. I know the Brandon people very well, and I know anything they undertake is going to be a success, and I am aware of the enthusiastic manner in which they adopted the games. Senator Guay will nod his head to that remark, I feel sure.

The Brandon Games have been a success and we are grateful for that. I am not going to make any bones about that. I simply say to my honourable friend that if he thinks I am attacking sport in Canada from the remarks I have made today, then obviously I have missed the target completely as far as he is concerned. I am not attacking sport in Canada; I am attacking the government and the manner in which they are managing things.

## GRANTS TO MUNICIPALITIES—PROVINCIAL AGREEMENT—QUESTION

**Senator Guay:** Honourable senators, I have a supplementary. Could the Leader of the Government inquire of the Minister of State for Fitness and Amateur Sport whether she has received an answer from the Premier of Manitoba as to whether or not he agrees with the plan she has presented to him and to the city of Winnipeg for joint participation in such a program benefiting the people of Manitoba? If there is such an answer, I would be pleased to hear it.

**Senator Perrault:** I appreciate the question, and that information will be sought. However, I can convey to the members of the Senate a message provided to me by the minister, the Honourable Iona Campagnolo. The minister believes that all levels of government, including the Government of Manitoba, will benefit from tax revenues resulting from this arena. She feels that it will create new jobs that are badly needed in Manitoba at the present time, both in the construction and the ongoing operations of this arena. She states that a 15,000-seat arena in Winnipeg will attract national and international social events, amateur sporting events, and even political events. There are many positive reasons why the idea is something more than merely a sort of gesture which has been interpreted incorrectly as being designed for political purposes.

**Senator Flynn:** Would the leader, at the same time as he checks on the answer from the Premier of Manitoba, find out whether the initative with regard to Quebec City did not come from a suggestion made by the Premier of that province?

**Senator Perrault:** I fail to see the relevance of that. The Province of Quebec, I understand, did suggest a three-way sharing of the cost of construction of an arena. I see nothing particularly germane in that. The federal government attempted to respond constructively to this suggestion, but made the point that if this kind of structure is to go ahead in the province of Quebec with federal assistance, then the same right should be extended to Winnipeg and other centres where similar conditions prevail.

**Senator Roblin:** This seems very much like that great waterfront park in Toronto that was probably promised again when my friend was down there.

While he is inquiring as to the views of the Province of Manitoba with respect to this matter, would he be so good as to find out whether any contact has been made with the Board of Governors of the National Hockey League to determine what they have to say about it?

**Senator Perrault:** I can inform honourable senators that a number of talks have taken place within the past two weeks with respect to possible expansion. I, for one, would welcome the admission of the Winnipeg Jets to the National Hockey League.

**Senator Flynn:** I am wondering if the federal government considers the suggestion made by the Premier of Quebec is part of the four-fifths of the PQ's program that can be accomplished within Confederation, or whether it is part of the one-fifth that can be negotiated?

## DEPARTMENT OF VETERANS AFFAIRS

### PROPOSED MOVE OF CANADIAN PENSION COMMISSION

**Senator Marshall:** Does the Leader of the Government have any replies to questions? I refer particularly to the request by many organizations, particularly the Dominion Command of the Royal Canadian Legion, that the Minister of Veterans Affairs not move the Canadian Pension Commission to Prince Edward Island for the reasons they suggested, and which I feel are justified.

**Senator Perrault:** A reply to that important question is in the process of being framed. I had hoped to have it, but it is not yet available.

## NATIONAL ENERGY BOARD ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Olson for the second reading of Bill S-12, to amend the National Energy Board Act.

**Hon. Jacques Flynn:** Honourable senators, I merely wish to find out from the sponsor of the bill whether he would agree that this bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs rather than the Special Committee of the Senate on the Northern Pipeline. What I have to say about that will be more relevant at the stage of referral. If he accepts my suggestion, I will have nothing to say. However, if he does not accept that, I will have a few words to say on the motion to refer the bill.

**Hon. H. A. Olson:** I am not quite clear whether Senator Flynn wants me to reply now or at that later stage. I take it we can move to closing the debate on second reading now, and Her Honour the Speaker may take notice of the fact that I am rising for that purpose, if no other senator wishes to speak.

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Olson speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Olson:** Honourable senators, I have taken careful note of the remarks of Senator Smith (Colchester) and Senator Flynn respecting their concept that Bill S-12 is more in the nature of a legal bill than a pipeline bill. Perhaps, to put it even more precisely, it concerns the legal administration of pipelines. I have no disagreement with that concept, because almost all of the bill deals with expropriation procedures, which is a matter of applying the law. But, there are terminology and other practical applications of these legal matters that I think are somewhat unique to pipelines, although not exclusive. Because the Special Committee of the Senate on the Northern Pipeline has been involved in the examination of jurisprudence under the existing statute, and because it has interrogated a number of witnesses from the pipeline companies and other interested bodies knowledgeable in the practical application of these things, it seems to me that the members of that committee, who have acquired a great deal of experience in this matter and can move immediately into examining the outside witnesses, should deal with this particular bill. If the bill were referred to another committee, no matter how competent that committee might be—and there certainly are other competent committees of this chamber—they would, in fact, have to spend many weeks acquiring the same background knowledge that the members of the Special Senate Committee on the Northern Pipeline have gained these past few months.

● (1500)

Having said that, I want to comment also on the remarks of Senator Smith (Colchester) who was the only other member of the committee to speak on second reading. Senator Smith exhibited great dedication to the work of this committee. He attended its meetings regularly when I know he had other high priority commitments, such as chairing meetings of the Transport and Communications Committee and attending others. I am particularly appreciative of the diligent application of his legal training to the kind of terminology used in this bill. That fact has certainly been helpful in our finding many ways to express in statutory language, if that is the correct term, the ideas we wanted to incorporate in this bill to correct some of the injustices that had been brought to our attention.

I do not really think, honourable senators, that there is a great deal more that I need say at this stage. If this bill receives second reading, I do intend to move that it be referred to the Special Senate Committee on the Northern Pipeline, and I imagine that will generate a short debate. However, the main reason I want to do that is so that the committee may hear interested parties or what are sometimes referred to as outside witnesses. At any rate, in this case they are very interested. I am speaking of people such as those representing the pipeline companies.

I should also mention that to date we have not heard any of the farm organizations who also have a great interest in amendments to expropriation law insofar as they affect their membership. They too have asked to appear. As I said, during the process of drafting this bill we did have advice from at least three of the major pipeline companies in Canada—TransCanada PipeLines, Interprovincial Pipeline Limited and Foothills Pipe Lines Ltd. Foothills, of course, is a company exclusively involved in the present planning and the eventual construction of the northern pipeline, but the sponsoring companies of Foothills, as honourable senators well know, are Westcoast Transmission Company Limited in British Columbia and Alberta Gas Trunk Line Company Limited. When they were here, of course, they gave us the benefit of their experience as well. So the bill was not drafted without advice from these major pipeline companies. But we certainly think that in fairness to them, now that the bill is in more or less complete form—and certainly it is subject to amendment, but it is in more or less complete form—we should provide an opportunity for them to come back to look at the bill and give us their comments on it.

I also want to say that at our meetings this year we heard only one so-called outside witness, and that was the Canadian Petroleum Association. But we had some indications, at least, that there were other parties who wanted to appear when the bill was completed. These are farm organizations and there may be some others too, although I am not at liberty to say positively who they are, who have an interest in where high pressure pipelines are located because of their effect on the adjacent land.

So, honourable senators, that would be the purpose of referring the bill back to the committee. I accept to some degree the arguments that have been made that nobody should be the judge and jury with respect to his own work, especially when it involves the making of law that will affect other people, but that is not the case where this bill is concerned. I say that because the committee will probably amend the bill—indeed I should be very much surprised if there were not some further amendments to it as a result of representations—after which it will return to this house for third reading.



Even that is not the end of it. As I said yesterday, the bill will go to the House of Commons where there will be other opportunities before a completely different set of personalities, if I may use that term, for these organizations to make their points if they are unable to persuade what may be termed a partially biased Senate committee—and I say that in the sense that we are the people who drafted this bill.

I want to assure honourable senators that insofar as I am concerned—and I think I speak for all members of the committee—we do not take the kind of pride in this bill that would lead us to believe we would be harmed if amendments were made to it. We have been extremely open about it, and we still are. Therefore, if any administrative problems or injustices can be demonstrated to us by pipeline companies, by farmers or by any others, we would certainly be wide open to suggested amendments.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Olson:** Honourable senators, I move, seconded by Senator Guay, that this bill be referred to the Special Committee of the Senate on the Northern Pipeline.

**The Hon. the Speaker:** Honourable senators, it is moved by Honourable Senator Olson, P.C., seconded by Honourable Senator Guay, P.C., that this bill be referred to the Special Committee of the Senate on the Northern Pipeline.

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

**Senator Flynn:** Honourable senators, I just want to put on the record my objections, which are not purely formal, to the referral of this bill to the Special Committee of the Senate on the Northern Pipeline.

My first reason, of course, is that it involves a problem that is exclusively legal. The sponsor said that it deals mostly with expropriation; I would say that it deals only with expropriation. Its purpose is simply to amend the National Energy Board Act in order to change the system of expropriation, which is provided therein, namely, the one under the Railway Act, to something which is close to the general expropriation legislation which was passed in 1970. Under our rule, such a bill normally goes to the Standing Senate Committee on Legal and Constitutional Affairs, and that was the committee which studied the Expropriation Act of 1969, which is now Chapter 16 of the 1st Supplement of the *Revised Statutes of Canada, 1970.*

The problems involved in Bill S-12 are problems that are purely and simply of a legal nature. I do not disagree that

some people who are going to be affected by the construction of the pipeline, be they the companies or some people whose property will be expropriated, should be allowed to appear before the committee. But the only representations that those people would make to the committee would concern the principles to be followed in the expropriation, and the Legal and Constitutional Affairs Committee would be the committee most qualified to deal with that aspect.

• (1510)

As Senator Smith (Colchester) mentioned yesterday, there is also some problem with the definition of "market value". Under the proposed section 75.12(3), the term "market value" would be defined as "the amount that would have been paid for the land if, at the time of its taking, it had been sold in the open market by a willing seller to a willing buyer."

I do not know that there is ever one who does not want to sell or one who does not want to buy. It seems to me we will have to have a better definition than that. In the province of Quebec, for example, that definition has been the test for real value as opposed to market value. Market value is probably the best price that one can find, whereas real value is something which is not entirely dependent on the market. I might say that the French version contains no reference to a willing seller or a willing buyer.

Dealing next with the matter of costs, there is a difference between what is proposed in this bill and section 39 of the Expropriation Act. I prefer the text of the Expropriation Act. Under this proposal, if the amount awarded by the Arbitration Committee is below 85 per cent of the amount offered, discretion as to costs rests with the Arbitration Committee. I do not like that. The only circumstance in which I feel costs should be denied the expropriated party is where the objection is found to be of a frivolous nature. On the whole, the expropriated party is entitled to the costs of preparing and presenting his case on top of any award. Again, this boils down to a purely legal question.

It may be, as has been suggested by the Chairman of the Legal and Constitutional Affairs Committee, that his committee is too busy at this time to consider this measure. If that is so, I will not insist. This bill will not pass Parliament, in any event, until it is adopted by the government. As was pointed out earlier, some of the costs involved will have to be borne by the Crown. The bill, therefore, will eventually have to become a government bill. At this time we are discussing the principles which should apply to the expropriation procedures under the National Energy Board Act. We are all agreed that improvement is required.

To repeat, in my mind it would be more logical to refer this bill to the Legal and Constitutional Affairs Committee; but if the Senate and the chairman of that committee prefer that it go to the Special Committee of the Senate on the Northern Pipeline, I shall accept that. I point out that other cases will no doubt arise later on to which this legislation would have application, and which have nothing whatsoever to do with northern pipelines but some other expropriation falling under the National Energy Board Act.

**Senator Goldenberg:** Honourable senators, the Leader of the Opposition, in his very fair remarks, asked that I assure him that my committee, of which he is a valued and hardworking member, is too busy to deal with this measure at this time. The Leader of the Opposition knows that we have two matters now before us and that, to facilitate the operation of the committee, we have set up a subcommittee to deal with one of them.

As chairman, I certainly would not object to the Senate's deciding to refer this bill to the committee. However, should that be done, the Leader of the Opposition will have to assure me that we shall always be able to get a quorum for the three matters which would then be before the committee. If he could give me that assurance, I would be content, but I do not think it is possible.

**Senator Flynn:** Do you think I should be the one to give you that assurance? Do you not think you should ask that of the Leader of the Government?

**Senator Goldenberg:** I should say that insofar as obtaining a quorum for our committee meetings is concerned, we have never had a problem. I have always had the fullest co-operation of the Leader of the Opposition. But because of the small representation of the opposition in this house—which is something I do not favour—it would be difficult to have representatives of the opposition at meetings of the committee on all three matters. I learned just yesterday, in fact, that one of the very able members of the committee representing the opposition will be away for a month.

In closing, I will say that I, as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, would never tell the Senate not to refer something to us; but if the Senate wishes to do so, certain conditions have to be satisfied.

**Senator Smith (Colchester):** Honourable senators, perhaps I might be permitted to say a few words at this time. I would like to begin by thanking Senator Olson for his very kind comments about me. They are much appreciated. His remarks were somewhat more generous than my conduct justified, but I am glad to accept them with thanks and appreciation. I trust my attendance will continue to be of some help to the committee.

One of the things I mentioned during the course of my remarks yesterday is the fact that I very much hope that the kind of initiative taken by Senator Olson in bringing forward this bill will be an initiative that will be frequently taken in the Senate. This procedure, it seems to me, provides an excellent opportunity for the Senate to engage in extremely useful work—work which other competent people do not have time to do. I want to see the pattern develop in such a way that people will continue to have a high regard for the Senate and its committees; that when a bill originating in a Senate committee passes the Senate, it will have with it the reputation of the Senate as a place that turns out only good and thoroughly considered bills—bills considered by the committees best qualified to deal with their subject matters.

● (1520)

Senator Olson has said, so far as this bill is concerned, that second reading and consideration by the Special Committee on the Northern Pipeline is not the end of it; that there would be further consideration, such as third reading—and there really is not a great deal on third reading which has to do with the hearing of witnesses—and that it would also be examined by the Commons. If I thought he had any confidence that the bill would be introduced in the Commons by someone who had a chance of getting it through second reading there I would cease all discussion, and give thanks and say, "That's great." But I am concerned that if he does not have any such assurance, somehow or other there will be some excuse for those in the other place to say, "This bill has not been dealt with in the way we think it should, and therefore we are not going to introduce it," or "This bill has not been considered by such a committee." I do not think it will go forward without there being some opportunity, for those who do not want it to go forward, to criticize it and endeavour to prevent its introduction in the House of Commons.

Before it can be considered by the House of Commons, it has to get there, of course, and it may well be—I may be pessimistic about this; when Senator Olson replies, perhaps he will be able to put me right—that the fight to get this bill through is just beginning. If I thought that getting it through second reading here would guarantee its further progress after it left this house, I would be delighted and pleased and would no longer be concerned about the procedure we might best adopt.

I shall not press the matter further. Obviously, I must give consideration to the views of the Chairman of the Legal and Constitutional Affairs Committee. I shall not endeavour to overpersuade him and will say no more about it, but I want it to be very clear that I am not in any way being critical of the bill. All I am trying to do is to ensure that the bill has the best chance of progress that the Senate can give it.

**Senator Langlois:** Honourable senators, I should like to add a few remarks. I have listened with a great deal of interest to the comments of the Leader of the Opposition, and, under normal circumstances, I would be ready to agree to what he has said, namely, that the bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs. But we are not dealing with this bill in normal circumstances. As has been explained by the Chairman of the Legal and Constitutional Affairs Committee—and I happen to be Deputy Chairman of that committee as well as a member of the Special Committee on the Northern Pipeline—it would be quite difficult, in the present circumstances, for the Legal and Constitutional Affairs Committee to give its immediate attention to the proposed legislation.

There would be the problem of getting a quorum in the split situation in which the committee presently has to operate. There would be the possibility of delay in the consideration of this bill due to the fact that members of the committee would have to acquire the kind of experience and expertise which members of the Special Committee on the Northern Pipeline have acquired through weeks and months of study of the background of this suggested legislation.

[Senator Smith (Colchester).]

As a matter of fact, I am sure that Senator Smith will agree with me when I say that to consider this proposed legislation means that we would have to start from scratch. I myself have no expertise whatsoever in connection with legislation existing in other provinces, particularly the prairie provinces, regarding expropriation for pipeline purposes—and the prairie provinces could be regarded as the region where great experience in that subject exists.

To comment further on the remarks of the Leader of the Opposition, the bill, in addition to being based on the 1970 Expropriation Act, gets a lot of its inspiration and background from the expropriation statutes of British Columbia, Alberta and even Saskatchewan. This field of legislation was new to many members of the Northern Pipeline Committee, and it is new also to members of the Legal and Constitutional Affairs Committee. Therefore, if the bill is referred to the standing committee, it means that its members would have to repeat the study of the experience of the western provinces that the Northern Pipeline Committee made over the past few months. That would not help to speed this legislation through the parliamentary process.

No one, in either this house or the other place, can be sure that the bill will be passed in the current session, but if we further delay the bill here there will be less chance of its being considered to any degree in the other place. Therefore, we should do everything possible to expedite our consideration of the bill.

As the sponsor of the bill mentioned—and I am in full agreement with him—the purpose of referring the bill back to the committee where it originated is to try to obtain further evidence. That evidence will be obtained from the Department of Justice, from those companies that are interested in the construction of the pipeline, and from those who are likely to be directly affected by the expropriations. We shall gain fresh experience and be in a position to appreciate the evidence, having the background which we gained from several weeks of study of this matter. For that reason I support the motion of the sponsor of the bill, and I hope that it will receive the favourable consideration of this chamber.

**Senator Olson:** I do not wish to delay honourable senators for long, but there are at least two matters raised by the Leader of the Opposition and Senator Smith (Colchester) on which I should give at least a brief explanation.

First, Senator Flynn raised the point that before the provisions of the bill could become operative, the bill would, of necessity, have to be sponsored by the government. I would like to say that the bill is designed to be in order, insofar as the Senate's right to introduce bills is concerned. He will know as well as I that that limits, if not eliminates completely, the right to include a provision that imposes a direct or indirect charge on the public treasury. We have designed the bill along those lines.

I realize that the bill calls for some administrative effort on the part of the government. For example, there are several sections which provide that the minister shall make appointments and issue orders. But we believe it is within the competence of the Senate to introduce what is contained in the clauses.

One further comment that I should like to make is that I believe the Special Committee of the Senate on the Constitution should take this matter under advisement, and perhaps recommend a change in the rules, if that is necessary, so that certain bills can properly be introduced in this chamber.

• (1530)

I am not suggesting that the Senate should be given the right to introduce either massive or minor financial programs. I think that is the responsibility of the elected government at any time. However, there have been many interpretations of the term "a charge on the treasury." Senator Forsey mentioned one day that a bill could be declared out of order because one of its provisions required the purchase of a few postage stamps. I hope that will be changed, either by practice in this chamber or, perhaps, by some arrangement to be worked out in the future, so that a bill could not be ruled out of order on the technical ground that it required the treasury to pay the cost of some administration. This, however, is a subject that I am not going to pursue here, because I think it can be pursued more properly by the Special Committee on the Constitution.

I should like to say something in reply to Senator Smith's remarks about the possibility of passage of this bill through the House of Commons. He said he would be very happy to see the bill introduced in the House of Commons, and I join him in saying I would be very happy too, especially if I had assurance that it would be expedited through that house. I do not think we can get that kind of assurance from anybody over there, because obviously we are dealing with a multiplicity of interests—both sides of the house, for example, and other party interests. However, I can assure Senator Smith that I have had a number of conversations with several members of the other house who are interested in and highly supportive of the provisions in this bill, and if and when it gets there I am convinced they will make it their business to promote its passage through that chamber as expeditiously as possible.

I can also say, without revealing the contents of the conversation, that I had a meeting with the Minister of Energy, Mines and Resources, the Honourable Alastair Gillespie. He would not, and quite properly so, give a commitment that he was going to enthusiastically support every single clause in this bill, because he wanted to check the details of it with his officials, but I do not think I am telling tales out of school when I say that he told me he was both interested in and, on the face of it, supportive of these amendments. In fact, as long as ten years ago the government was considering the modernization of the expropriation procedures under the National Energy Board Act.

I cannot go any further than that, but I know there is interest there. It is quite impossible for anyone to suggest when this bill might be passed by the other place, particularly in these days when there is a lot of talk about dissolution. I will only say that I know several members there who are going to make it their business to promote the passage of the bill.

Motion agreed to.

## BEEF IMPORT BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Herbert O. Sparrow** moved the second reading of Bill S-13, to control the importation of beef into Canada.

He said: Honourable senators, the Senate, on November 16, 1976, empowered the Standing Senate Committee on Agriculture "to examine from time to time any aspect of the agricultural industry in Canada." The committee, not ignoring any other aspect of agriculture, believed that the important part of the agricultural industry that needed study at that time related to beef. Therefore, the committee shortly thereafter embarked on a study, holding hearings in Ottawa and throughout Canada, totalling 28 in all. At those hearings 31 briefs were presented by provincial ministers, federal ministers, producers and producer organizations, consumers and consumer organizations, and others. The hearings covered many aspects of problems in the agricultural industry, particularly in livestock production. The committee looked at production costs, marketing, product distribution, stabilization plans, marketing boards and other facets of the industry.

The hearings indicated that the most critical and pressing problem concerned the importation of beef into Canada, or, more precisely, the lack of effective rules pertaining to the importation of beef into Canada. Therefore, the conclusion reached by the committee was that the first stage in their report on the stabilization of the beef industry should reflect the problems of an import policy, or lack of it, within Canada.

That study resulted in a report being made to the Senate in October 1977 by the Standing Senate Committee on Agriculture, entitled *Recognizing the Realities: A Beef Import Policy for Canada.* The report clearly defines the problems, and recommends actions to be taken to alleviate those problems. Bill S-13, introduced in this house on Tuesday, reflects very closely the recommendations in that report.

Uncontrolled imports of beef, or controlled imports without a firm long-term goal backed by legislation, has caused numerous negative results for the Canadian producer and consumer. At a time of expanding Canadian production, surplus beef products were allowed to come into Canada, and to come into Canada for a period of time at reduced prices. The reason for that, of course, was the surplus of beef throughout almost all exporting countries of the world. Basically, the only positive result of this importation of beef was a somewhat lower price to the consumer for a period of time, because it drove the price of beef down below the production costs of the Canadian cattle producer.

Such actions, in fact, resulted in quite a large number of cattle ranchers and cattle farmers being forced into bankrupt-

cy. It forced others to sell off some, if not necessarily all, of their basic herd, which has created in the interval a very serious shortage of beef in this country, and a shortage of breeding stock within the beef industry. In the same period, over-production in the rest of the world created the same type of problem, and those producers have since cut back on their breeding stocks, which seems now to have created a shortage of beef production throughout the world.

This has caused as well what is possibly more crucial than the actual facts of the situation, and that is a reduction of the confidence of the beef producer of this nation. He felt that he was unduly harmed by the action or inaction of his government, when there were no firm guidelines established to protect him from exporting countries which, in many instances and for a number of reasons, were able to produce beef more cheaply.

● (1540)

What has resulted from this action and inaction is that our beef production has in fact dropped, and dropped drastically. That has happened because the law of supply and demand has forced the consumer in this period to pay higher prices than he has been used to paying. I believe those prices are high enough now to give the producer a fair return. In fact, there is a danger that ever-expanding beef prices may be getting close to the point where more profit is going to the producer than is actually required for a fair return on his investment.

As the price of beef goes up, the industry looks more attractive to such producers, and they believe that in the future prices will go higher, or will be maintained for at least a period of time, with the result that they hold back livestock from the market—that is, livestock in the form of breeding stock. Cows and calf crop heifers that would normally have gone to slaughter are held back for breeding purposes. This in turn further shorts the market, and causes the price to the consumer to go up.

We can expect that the holdback of this breeding stock will probably continue, for the next two or three years, which means that the market will be shorted in that period of time. We can expect, in my opinion, beef prices to the consumer to increase by as much as 50 per cent, and I believe the consumer should be protected from this at some point. We did not take action two or three years ago, and we are seeing the results of that inaction today.

Beef is one of the most important industries in the Canadian economy. In the farm sector it is second only to grain as far as the income that it generates for the agricultural community is concerned. The meat packing industry is the third largest industry in Canada. It is next to the automobile and small appliance industries in terms of total sales and wages. It is estimated that 12 per cent of the gross national product of this country is contributed by the red meat industry. From these facts it is easy to recognize how important the beef industry is in the Canadian economy. For this reason, therefore, Bill S-13 has been presented for consideration by this chamber.

[Senator Sparrow]

What does Bill S-13 provide? This bill is a comprehensive and detailed piece of legislation that takes into account and balances the interests of Canadian producers, Canadian consumers, and foreign suppliers of beef. The major provisions in the bill include quotas on all beef imports, minimum guarantees of access to Canadian trading partners based on average annual imports from 1967 to 1974, and annual adjustments in the import quotas to be made on a counter-cyclical basis, taking into account increases and decreases in Canadian population and consumption and increases or decreases in beef production. There is also provision for an adjustment of quota levels to protect consumers against unexpected and unusual price increases, together with provision for an import permit system to be administered by the Minister of Agriculture.

Under clause 3 of the bill quotas will be established for beef that will be allowed to be imported into Canada, and a breakdown of quotas, or quota pounds, for each country that during the base period was an exporter of beef to Canada.

As an example, New Zealand exported to Canada an average of 71 million pounds of beef during the base period of 1967 to 1974. To adjust this quota to increases on a percentage basis to Canadian consumption, to increases in population, and to increases or decreases over a given period in Canadian production, the quota for New Zealand for 1979, under the provisions of this bill, would be 83 million pounds, or an increase of 12 million pounds. I quote these figures to assure the consumers of this nation that through this bill we are making an effort to see that there will be increases in beef importations into this country both to assist them and protect them against undue price increases. Such increases would, it is hoped, not hurt the producer, and certainly not hurt the historical importer of beef into Canada.

Clause 7 contains a provision whereby the minister may, after consultation with consumer and beef producer organizations, recommend to the Governor in Council that a signal price per pound of beef be established for a category or a group of categories of beef. This signal price would be arrived at each year after determining what is fair for the consumer, and what is fair for the beef producer of this country.

If at any time during the year the average price per pound of beef has, for a continuous period of 60 days or more, exceeded that signal price, the annual quota for that year may be modified, or increased, to an amount not exceeding 30 per cent of the annual quota that had previously been established. No more than 30 per cent of the annual quota, or the annual quota as modified, after the signal price has been reached, can be imported into Canada in any three-month period. This, of course, will protect the producer from any great influx of beef in a short span of time.

Honourable senators, in conclusion, may I state that Canada is the only important beef producer in the world that does not have some form of mechanism for restricting the importation of beef. I recommend this bill to you, hoping that you will study it closely, and that you will attend the meetings of the Standing Senate Committee on Agriculture, to which, if it receives second reading, I will move that it be referred. I know

that that committee will look at the details of this bill, and I certainly remain open to amendments that improve the bill and, in turn, benefit the consumers. I believe this bill commends itself to all facets of Canadian society.

• (1550)

**Senator Steuart:** May I ask the honourable senator a question?

**Senator Sparrow:** Yes.

**Senator Steuart:** Why was the period from 1967 to 1974 chosen as the base period?

**Senator Sparrow:** Honourable senators, the years 1967 to 1974 appeared to the committee to be a representative period of time when Canada was both a net importer and net exporter of beef. We felt that period of time would be fair, not only to the producers and consumers of the country but to exporting countries as well.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, February 27, at 8 p.m.

# THE SENATE

**Tuesday, February 27, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report of the Anti-Inflation Board to the Governor in Council, dated February 20, 1979, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plan of the Construction Labour Relations Association of British Columbia and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local Union 170.

Copy of a letter dated January 29, 1979, addressed to the Minister of Supply and Services from the Managing Director of The Mining Association of Canada, regarding the proposed gold bullion coin programme (English text).

Report of the Administrator under the Anti-Inflation Act, dated February 20, 1979, pursuant to subsection 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on the County of Oxford, Woodstock, Ontario.

Copies of Report on the Measurement of Performance in the Public Service of Canada, issued by the President of the Treasury Board on February 26, 1979.

## BANKRUPTCY BILL, 1979

FIRST READING

**Senator Langlois,** for Senator Perrault, presented Bill S-14, respecting bankruptcy and insolvency.

Bill read first time.

**Senator Langlois,** for Senator Perrault, moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

**Senator Grosart:** I wonder if I could ask the Acting Leader of the Government if the bill is before us.

**Senator Langlois:** Yes, indeed.

Motion agreed to.

## NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

**Senator Olson:** Honourable senators, I should inform the members of the Special Committee on the Northern Pipeline that the meeting will be called to order at 8:30 p.m. in room 356-S. The witness will be the President of Northwest Alaskan Pipeline Co.

## FOREIGN AFFAIRS

CANADIAN POLICY RESPECTING HOSTILITIES BETWEEN CHINA AND VIETNAM—QUESTION

**Senator Bosa:** Honourable senators, I should like to direct a question to the Acting Leader of the Government. What action is the Canadian government taking, either at the United Nations or through the relevant embassies, to bring about a cessation of hostilities between China and Vietnam?

**Senator Langlois:** Honourable senators, I shall have to take that question as notice.

## FISHERIES

CATCHES BY FOREIGN COUNTRIES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 29—**By Senator Marshall:**

1. Does Canada, under the Department of Fisheries, keep records of the tonnage of fish (by species) caught by foreign countries that have catch quotas under ICNAF arrangements through bilateral agreements?

2. If the answer is yes, what is the tonnage caught for the years (a) 1974, (b) 1975, (c) 1976 and (d) 1977, on cod, haddock, hake, halibut, herring, sardine, salmon, tuna, clams, crab, lobster, shrimps, oyster, seals, whales, and other seafish and shellfish not specified, by metric tonnes?

3. What is the breakdown by metric tonnes and dollar value of fish by species imported in the years 1970 to 1976?

*Reply by the Minister of Fisheries and the Environment:*

1. Catches by foreign countries in the International Convention for Northwest Atlantic Fisheries (ICNAF) area are reported to the ICNAF Secretariat. These data are reported monthly on a preliminary basis and prepared yearly in final form. Since Canada's extension of fisheries

jurisdiction, foreign fleets are required to report weekly to Canadian authorities their catches made within the 200-mile fisheries zone.

2. See Table 1.

3. See Table 2.

(*For tables see appendix, p. 631.*)

## BEEF IMPORT BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Macdonald, for the second reading of the Bill S-13, intituled: "An Act to control the importation of beef into Canada".—(*Honourable Senator Macdonald*).

**Senator Macdonald:** I yield to Senator Roblin.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Hon. Duff Roblin:** Honourable senators, Bill S-13 presents to us a rather interesting initiative on an important public matter. I should like to offer my congratulations to the sponsor of the bill, Senator Sparrow, for his interest in presenting it to the Senate.

If one had to summarize the import of this bill in one sentence, I think one would probably say it is a bill about the price of beef, and everybody knows that the price of beef is an important issue in our affairs today. There has been ample evidence in recent times to indicate that the erratic nature of the supply, demand and price situation has presented the country with a rather vexing and disrupting economic problem. There are those who think that the present price of beef constitutes a "rip-off" by the agriculture community, and there are those at the other end of the spectrum that regard the price of beef as a beneficent operation of the law of supply and demand.

Be that as it may, the Anti-Inflation Board indicated in a recent report that during the past 12 months we have been afflicted with a rise in the price of food of some 21 per cent, which is reported as being the largest increase in any 12-month period on record and is, obviously, a major factor contributing to inflation and those problems associated with the consumer price index.

The analysis of the Anti-Inflation Board goes on to indicate that beef prices are a principal component of the food index, and that the beef price index itself has risen during that same 12-month period of which I spoke by 62.6 per cent, which is certainly astonishing. It is more than the increase in the price of fruit; it is more than the increase in the price of vegetables, flour, or any other item which goes into this calculation.

The effect of this impact of the price of beef on the cost of living is certainly significant. It has an effect on the pressure for wage increases, and I do not think it is going too far to say that its effect on the general course of the economy is considerable. We have seen in recent events a working-out of the beef supply-demand equation which has provided us with severe fluctuations which are adverse to many and of benefit to few.

An important point to keep in mind when thinking of the price of beef is that it depends, in large measure, on one of the plain facts of the natural order, that being that cows are subject to natural laws. It takes some 24 to 27 months from the birth of a calf to the time you get beef on the table. During that two-year period, the cattle breeder has to bear the risk or, in some cases, the advantage of price fluctuations which he finds very difficult to predict, with the result that when prices are low, and when he thinks they are likely to continue to be so, herds are rapidly reduced as he tries to respond to the price signals he is getting.

• (2010)

Indeed, in recent years the price of beef reached such low levels that there has been a substantial reduction in the very breeding herd itself, the consequences of which we have yet fully to experience. Unfortunately, when beef prices start to rise again, the supply cannot be increased nearly as fast as it was reduced as a result of falling prices. This, of course, is a natural consequence of the laws of nature with respect to the beef-calf cycle. As a consequence, we have seen violent changes in beef supply and beef prices.

It is of some interest to me to note that in 1977 the domestic production of beef amounted to 105 pounds per person, whereas in 1979, two years later, it is estimated to be 90 pounds per person—and we know what has happened to prices in that two-year period because of this decline in beef production per person. The increase has been astronomical. When I tell the chamber that the estimate for 1981 is for a further decline in the domestic production of beef to 82 pounds per person, a decline of 20 per cent over the four-year period I am talking about, it is easy to predict that the price of beef will go even higher and that we will probably continue to experience a wildly fluctuating demand-supply price relationship.

The consequences of this situation are not very attractive. In the first place, it tends to lead to inefficiency in the beef industry itself. The "in-and-out" characteristic which we are accustomed to, particularly in the cow-calf sector of the beef industry, leads to uneconomic operations and is costly to farming efficiency. Secondly, it is very expensive to the farmers themselves, particularly those who are forced to liquidate their herds at ruinous prices at the bottom of the cycle and who are barely able to recoup their losses at the top of the cycle. Some producers are hurt more than others.

Thirdly, the consumer, to say the least of it, is frustrated by the swings, especially on the high side of the cycle. While he may not be aware of the fact, he also has to pay for some of the built-in inefficiencies that arise from its very erratic nature. The consumer and the producer, between them, carry those costs. The Canadian economy, the fourth element in my analysis, is strained, because when one factor in the food component of the cost-price index goes wild, then other major economic factors, such as wages, react to the pressure.

There are certain remedial measures which the public authorities have been dealing with in connection with this beef cycle. Unfortunately, they do not seem to be working very well. We have, of course, the Agricultural Stabilization Act, one of the aims of which is to stabilize the price of slaughter cattle by invoking a price support formula. Without going into the details of that formula, I think it may be said that, as far as the beef producers are concerned, it is their view that this act is not doing very much to help them. Certainly, it does not seem to have done very much through the present cycle.

We protect Canadian markets from imports from abroad in two ways. First of all, there is a tariff, which amounts to 1½ cents per pound on live cattle and 3 cents per pound on meat. I might observe, as a matter of interest, that this level of protection is significantly lower than that enjoyed by beef producers in the United States, or in Japan, or in the European Economic Community. We also have to take into account a fact brought to my attention by Senator Beaubien the other day, that being that with the Canadian dollar at a discount of about 17 or 18 per cent, the Canadian beef industry today has an additional protection amounting to an *ad valorem* duty of about 17 to 18 cents on the dollar, which certainly is something which has to be taken into account.

The second way in which government acts directly to support the beef industry of the country is by the operation of a quota system. In this system we have a mechanism for limiting beef imports into the country. The sources from which these imports come, by and large, are the United States of America, Australia and New Zealand. The beef industry, however, has maintained—and I think with some degree of accuracy—that this quota is set in a rather erratic and *ad hoc* manner, and that it is done by ministerial discretion. There are a couple of ex-ministers here in the Senate who can certainly put me right if I am not stating this correctly. Operating behind closed doors, it is said, produces a quota which is unpredictable in its timing and magnitude, thus adding to the difficulties of the beef industry in trying to protect the future.

But the point of referring to these present protective measures, and the point of particularly mentioning the quota system is that it is on this very point of quota that Bill S-13 comes into action, because the central principle of this bill, if I have analyzed it correctly, is to set down in statutory form the rules and regulations by which beef import quotas are to be set. In addition, it is to provide a joint government-producer-consumer system of consultation to ensure that quotas are not only reasonably protective of the producer, but also reasonably just for the consumer.

Quotas under this bill are set by a formula that is to be publicly enshrined in the law. Among the factors to be taken into account are the population of the country, the consumption of beef on a *per capita* basis and the net production of beef by the beef industry. These measuring rods are all related to the imports of beef into the country for a selected base period, 1967 to 1974. It is on this basis, with the guidelines for quota setting clearly defined, that the quota is to be established from time to time as the factors and the indicators change.



The hope is that this formula will be sufficiently flexible to help producers when prices are low and to open up imports when prices are high. It is for this reason that the bill also provides for the establishment of a system of trigger prices. When prices reach an agreed level—which will undoubtedly be rather high—a consultation will take place between the government, the producers and the consumers, in order to open up quotas, increase supplies and relieve the pressure on prices.

I would not like members of the Senate to think that this bill is without its problems. I think it does have problems, and we would do well to acquaint ourselves with them. I think we have to consider how this bill bears on our trading relations in general. We know that we are engaged in discussions called the Tokyo Round, by which new trading relations between nations are being established, and we know that in this context international trade is a very important factor. I, for one, had no idea as to how this round might affect the principles enshrined in this bill, but it is obvious that before it becomes the law of the country we have to be sure that it is compatible with whatever international undertakings we have given.

Secondly, I think we should be aware that this bill impinges on our trading relationships with the United States as well, because a good deal of our cattle trade internationally has to do with the live cattle that are traded with the United States. For example, we send a good many feeder cattle from the western plains for finishing in the various parts of the United States, and import fed cattle into eastern Canada as a return trade.

We have to be sure that our trading relationships with the United States are considered in dealing with this bill. There is, indeed, a section of the cattle industry that views with some apprehension the suggestion that live cattle should be included in the quota arrangements. We know we have had problems with this in the recent past, and there may well be problems in the future. I express no opinion on this matter because I do not consider myself sufficiently well informed to do so, but I do think it represents a factor that should be taken into account.

● (2020)

The third problem area that one can foresee is the acceptability of the trigger-pricing concept as we attempt to reconcile consumer interest with producer interest. Undoubtedly this is a very difficult task indeed. I myself am rather attracted by the novelty of this trigger-price concept in connection with the matter we are discussing, and I am sure that it is one on which other interests will wish to express opinions from time to time.

I do not think we would regard this bill as a solution to the problems of the cattle cycle, or a complete answer to taming the beef cattle cycle. I do think, however, that it might be an interesting and useful step along that path. It aims to formalize the beef import quota system and, by making it a relatively public operation, to reduce one element of uncertainty in the beef industry. Certainly I think that there are many people in

the beef industry who would hope that that would be the effect.

We might also hope that it would do something to improve the Canadian supply-demand relationship while, as I have said, making accommodation to consumer interests. If by these means we can get a stronger supply at steadier prices and a more efficient beef industry, then we will be doing something very much worthwhile, and I think the producers and the consumers and the public interest generally will benefit.

I believe that this bill comes to this house well recommended by the Standing Senate Committee on Agriculture, and I think it merits sympathetic further study by this house as a whole so that we may examine its detail and resolve any difficulties that we may find in it. On balance, honourable senators, I would recommend this bill for your favourable consideration.

On motion of Senator McDonald, debate adjourned.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### FIFTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

On the Order:

Consideration of the Fifth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Forsey.*)

**Senator Forsey:** Honourable senators, I am sorry that I have had to ask to have this item stood twice, I think, or three times because of circumstances over which I had no control—

**The Hon. the Speaker:** Senator Forsey, would you move the adoption please?

**Senator Forsey:** I am sorry, honourable senators, my wits are getting addled.

**The Hon. the Speaker:** It is moved by the Honourable Senator Forsey, seconded by the Honourable Senator Argue, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Forsey:** I start now with two apologies instead of one. I regret the more that I had to ask to have this matter stood, because it has enabled the House of Commons to get ahead of us and to adopt, I think unanimously, the report which is now before us. I hope that will not lead any honourable senators to feel that this is an occasion when we ought to display our independence, assert our independence, by taking a contrary action.

I hope to be brief on the subject of this report. I hesitate to emulate the Honourable Senator Laird some years ago and say it is a simple matter, because that turned out to lead us into a morass, a vast Serbonian bog from which we extricated ourselves only with some considerable difficulty.

Some honourable senators may feel that it is perhaps inopportune to present a report of this importance just now. Tennyson speaks of ". . . one far-off divine event, to which the whole creation moves." I suppose there is a certain feeling among some members of the house at least that at the moment there may be a certain not very divine, perhaps not very far off, event to which the whole Canadian political creation moves and that, therefore, to introduce a report of this magnitude at this stage is highly inopportune and perhaps foolish. To that my answer would be that the committee is well aware of the improbability, to say the least of it—I remember Arthur Meighen saying to me, "In politics never say 'never',"—but the improbability, to say the least of it, of the committee being able to act upon this report in the present session.

What we felt was that, if the report were adopted now by both houses, it might serve as a guiding light, a beacon, an inspiration for the new Parliament. In my own case I feel a certain sadness in this connection, because I shall not be here to have anything to do with it. I feel almost like saying with the gladiators in the Roman arena, "*Moriturus te saluto.*" But we do feel in the committee that the report which we have presented here might well be the subject of fruitful labours by the joint committee when the new Parliament assembles. I hope that the joint committee in the new Parliament will have the good fortune to be looked upon with a kindly eye by whatever government is in office—whether the existing government or a rejuvenated Liberal government, or a government of the opposite party, or possibly a minority government of one party or the other, which conceivably might be a little more open to suggestions than members of a majority government sometimes are.

Well that, at any rate, is the reason why we are presenting this report even at this stage of the life of Parliament. It is, of course, conceivable that this Parliament may be allowed to run its full term and expire by efflux of time on the 31st of July; but that seems highly improbable. Only those on the front benches opposite will have any idea of the probability or improbability of that, and even they, some of them, may still be in some doubt. It is possible that the date of the dissolution reposes in the cranium of the Prime Minister alone, and it is even possible that he has not yet made up his mind.

I see an expression of extreme impatience on Senator Grosart's face, so I shall indulge in no further persiflage but get right down to the matter of the report.

**Senator Grosart:** Hear, hear.

● (2030)

**Senator Forsey:** Ha, ha. It is not often you get any kind of applause in this chamber, and I may be tempted on future occasions to angle for it in the same way.

The first thing I want to say about this is that until the MacGuigan report, a few years ago, there was really no kind of provision for control over delegated legislation at all. That was a great first step. It was a most important, comprehensive, profound and valuable report. The existence of the present Joint Committee on Regulations and other Statutory Instruments is the result of that report.

I don't think that all the recommendations of the MacGuigan report were fully embodied in the Statutory Instruments Act, but a great number of them were and we have now

some means at least of exerting parliamentary control over the enormous and vastly and speedily increasing mass of subordinate legislation.

The second step, of course, was the creation of the present joint committee. And while I don't want to be immodest about its achievements, I think it has accomplished a certain amount in the way of establishing parliamentary control over delegated legislation. Some departments have been particularly co-operative—have been particularly open, to use a cant phrase that is very popular now—a cant word that is very popular—have been particularly ready to accept the suggestions of the committee. Others have been less so, so that our record is somewhat spotty. But I think we have achieved a certain amount. We have also succeeded in putting before both houses certain general propositions based on a multitude of cases in certain of the reports that we have submitted, notably our famous or infamous second report of a session or so ago.

But I am sorry to say that our experience has led us to feel that our present terms of reference are not really adequate, because a great many of the recommendations that we have made have produced very little effect. This has been particularly true of recommendations which we have made, as it were, to the government itself. A most notable example of that, of course, was when the government increased the postal rates simply by executive action and we drew attention to this, suggested that the action was of doubtful legal validity and suggested that it was certainly a highly improper way of proceeding. That report was unanimously adopted by both houses. It was unanimously adopted in the other place, with several ministers sitting there blandly accepting the report. I suppose one might say that they were asleep at the switch perhaps. But the report condemning what the government had done sank like a stone into a barrel of tar. It just slowly disappeared from sight. The government paid absolutely no attention and proceeded to announce that it was going to raise the rates again by exactly the same procedure as before, saying that it had an opinion from the Department of Justice that this was perfectly legal, which, of course, evaded the main point that we had made: that it was a highly improper method of proceeding.

The government has introduced a bill which will retroactively remove doubts of the validity of the action taken—the executive action taken in, I think, two increases already and will arm the new postal corporation, or the minister, or some personage or body with the power to do exactly the same thing again in future without any doubt whatever of the validity or propriety arising. That legislation, of course, has not yet come before us, let alone gone into effect, but it is evidently something which the government hopes will come into effect which will clear its skirts of the charge of possible invalidity of these regulations and certainly of their propriety.

That was a particularly conspicuous example of the way in which our recommendations have been, in important regards, ignored. Our plea for a clarifying amendment of the definition of a statutory instrument has also gone unheeded except that the government, I think, invited us to act as parliamentary draftsmen ourselves and produce a satisfactory amendment. And, of course, the impenetrable obscurity of that definition has been one of the most serious obstacles in the way of our doing our work.

Well, our experience then has not been altogether happy. We have felt that we were not in possession of adequate powers to exert the kind of control over subordinate legislation which Parliament clearly must have intended in passing the Statutory Instruments Act. And we have been fortified in this conviction by the experience in Great Britain and the powers of the joint committee in Great Britain which performs similar functions—there is also a House of Commons committee which deals with certain particular instruments—and by the experience and the powers of the Senate committee in the Commonwealth of Australia.

Over the Christmas recess the co-chairman, Mr. Baldwin, went out to Australia. He was going for other purposes, I think, and took this in on the way at, I think, no cost whatever to the taxpayer, incidentally. Mr. Baldwin had a series of interviews with people engaged in the process of drafting regulations and statutory instruments in Australia and with the members and officials of the Senate committee there. He came back with a most startling report for us, indicating that in Australia the powers of the committee were vastly greater, not only on paper but in fact, because the draftsmen, in drafting statutory instruments, were in almost constant contact with the committee and its officials so that very seldom did any regulation come before the committee where the draftsmen and the government for whom they work had not already taken cognizance of what the committee was likely to put up with and what it was likely to refuse to put up with; and of course, in Australia there is a provision by which anybody can move in the Senate for disallowance of any instrument to which the committee has taken objection.

In Great Britain, some years ago, the two counsel for the committee, accompanied by the then Law Clerk of the Senate and myself, observed the British committee in action and were, again, impressed by the fact that it was a much more effective body than ours, partly because of the powers that have been given it by the two houses and partly because of the attitude which the government and the government departments took towards it. And if honourable senators would like to see something very interesting in the way of a contrast between our committee and the British committee they will find two admirable articles in *The Parliamentarian* for October 1978: one, Parliamentary Scrutiny of Delegated Legislation (in the United Kingdom), by Sir Robert Speed, Mr. Speaker's counsel, and one by our own counsel to the committee here, Mr. Graham Eglington. And the contrast between the situation in the United Kingdom and the situation here is very striking indeed.

We arrived at the conclusion, after examining the procedure in Australia and in the United Kingdom—and I might add the procedure in the Ontario legislature's select committee—that it was desirable to bring in the report which is now before the Senate: first of all, that the committee should have the power

to inquire into and report upon the appropriate principles to be observed in the drafting of powers enabling delegates of Parliament to make subordinate laws. One of our difficulties now is that we do not get these things until they are hard and fast—when they are frozen. It is much more difficult, of course, to get a department or an official to move if his own masterpiece has already been exposed to the eyes of the world than it would be if it were possible to get in contact with him beforehand to indicate certain of the things which were desirable and certain of the things which were not desirable. So we thought it desirable for the committee in future to inquire into the question of the principles to be observed in the drafting of powers for delegated legislation and, secondly, in the use of the delegated powers and subordinate laws.

I think I have observed before that there are certain officials who seem to have got it into their heads, Heaven knows how or why, that administrative convenience is a basic principle of our Constitution. Of course, it is not. In many instances it is the direct opposite of the principles of our Constitution. It is, at best, only a very subordinate, or should be only a very subordinate factor in the framing of subordinate legislation. We thought also that the committee should be empowered to examine the manner in which parliamentary control of delegated legislation should be effected, and, third, it should be empowered to look into the question of the role, functions and powers of the standing joint committee itself. If honourable senators will look back to the second report and see what we said there in great detail, and very trenchantly, I think, and compare that with the inadequate results that have followed, I think they will probably be convinced, as apparently members of another place were, that this report should be adopted as a guiding light, an inspiration, a guiding principle for the committee in the new Parliament.

Finally, the report recommends that members of the committee be empowered to travel outside Canada, namely, to Washington, D.C., for the purposes mentioned above and that the necessary staff do accompany the committee. That may strike honourable senators as a somewhat odd appendage to the rest of the report. But members of the committee were impressed by the fact that this whole question of regulation and regulations, how far they should go and how they should be applied, was now exciting great interest in more countries than one, and very notably in the United States. We had word that a number of members of the two houses in the United States had done a great deal of work on this and there was legislation being considered there which might have something to teach us. It was felt desirable that members of the committee should go down to hear and see at first-hand what is being done and then be able to decide on the basis of that first-hand experience whether what they were doing or trying to do down there would be appropriate up here.

I am careful to stress that last, because as honourable senators may have guessed from remarks of mine before, I am not one of those who feel everything American is perfect and that the solution to all our problems is to follow exactly what they are doing in the United States. On the other hand, I think sometimes we may learn something very useful from what they are doing, and it was the general opinion of the members of the committee that this is one case where we might learn something useful.

It is for those reasons, honourable senators, that I commend this report for the consideration of the house, and I hope that this house will act as the other house did and endorse the report so that it will be possible for the existing committee to make this trip to Washington, D.C., for the purposes I have indicated and so that the new committee in the new Parliament will have a path traced out for it which it may decide is useful to follow.

**Senator McIlraith:** I wonder if the honourable senator would permit a question?

**Senator Forsey:** Certainly.

**Senator McIlraith:** In the early part of your remarks I understood you to speak in terms of approbation of the action of Parliament in passing regulations and statutory instruments legislation and, as a second step, in setting up the committee.

**Senator Forsey:** Yes.

**Senator McIlraith:** Bearing in mind the nature of the work of the committee, and bearing in mind that at the same time as that was being done the answerability of ministers for the administration of their departments was being removed by the new procedure of removing the estimates of the government from examination by Committee of the Whole in the House of Commons, would you care to elaborate on the extent to which you think that the one and only effective opportunity for examining these matters in the House of Commons neutralized the work you approved of and applauded in the opening part of your remarks?

**Senator Forsey:** I confess, honourable senators, that that aspect of the subject had not occurred to me. Being in certain matters, like the Honourable Senator McIlraith, something of a traditionalist, I am inclined to agree with him about the change in the rules in the other place. I hope I shall not be accused of a breach of privilege by anyone over there when I say that. But I can't see that there is any direct connection between those changes and the difficulties that we have encountered in the Joint Committee on Regulations and other Statutory Instruments. It is a point I should have to think over before I can make any satisfactory reply.

I suppose those changes may have contributed to the, shall I say, feeling of security and self-confidence of ministers and, therefore, their officials, and it may have made them perhaps grow rather too big for their boots sometimes. But that is about as far as I should be prepared to go, because I do not know that examination of the estimates in the Committee of the Whole could really have done very much to help us, except perhaps for the inordinate use, as we think it, of votes in the Appropriation Act to set up all kinds of machinery and make all kinds of legislative changes.

We shall have before us in the committee on Thursday morning the regulations in connection with VIA Rail, which

stem entirely from a vote in the Appropriation Act, and the committee will be taking a very hard look at these and also once again at this practice of putting important, substantive legislation into votes in the Appropriation Act. Possibly, if the old rules had prevailed in the other place, there would have been less of this sort of thing. Senator McIlraith, with his vast experience in the other place, will be far better qualified than I to comment on that, and so would various other people with experience in both houses, such as my friend, the Honourable Senator Walker, or a whole string of people on both sides, the Leader of the Opposition, Senator Bourget and Senator Langlois.

**An Hon. Senator:** Senator Flynn.

**Senator Forsey:** I said the Leader of the Opposition who is, I think, the same person as Senator Flynn, to the best of my belief, even though he appears for the moment to have crossed the floor, which is something I should never have expected to see him doing except after a change in government.

**Senator Flynn:** I am practising.

● (2040)

**Senator Forsey:** That is the best answer—a most inadequate and discursive one—that I can give to the Honourable Senator McIlraith.

**Senator McIlraith:** I thank the honourable senator for his answer. I wonder if I might be permitted to ask him a second question.

Has the committee, in the course of its work, made any estimate of the number of regulations and other statutory instruments that are offensive, and that would not have been produced if the ministers had had to answer for them in the other place, and if the legislators had examined them?

**Senator Forsey:** Well, again, I have had no experience of the other place, but I should have thought that one of the difficulties there was to get offensive regulations, or any kind of regulations, effectively before the house. It is hard enough when we put in our reports to get any appreciable amount of debate, and without the existence of our committee I think the opportunities for questioning these instruments would have been even smaller.

One of the marked contrasts between this country and the United Kingdom, in this respect, is that in the United Kingdom the committee gets officials actually before it, and very often, I think, even ministers. We have generally proposed to proceed more delicately, treading like Agag. We have written letters to the officials, and said, "What do you have to say about this?" Once in a while we have had them in before us. We have not done as much of that as they do in the United Kingdom. In the United Kingdom a great many regulations are passed under acts which require either affirmative or negative resolution. The resolution does not come into effect, on the one hand, until it has been affirmed by the House of Commons and the House of Lords within a certain period, or else, if it does come into effect, it may be negatived by a vote of the houses within a certain period. There are very few



statutes in Canada that provide for anything of the sort—very, very few indeed. I cannot remember the exact number, but I think it is somewhere in the neighbourhood of a dozen at the outside. Eleven is the figure that sticks in my mind. Perhaps Senator Godfrey could refresh my memory in that regard, but I think he will bear me out that it is a very small number.

Of course, we have no procedure here, such as they have in the Australian Senate, for having a senator rise and move that the offending regulation be disallowed. Even if we had the old procedure in the House of Commons in the matter of the Committee of the Whole on estimates, I still am afraid that there would not be a great deal of chance of getting effective parliamentary control. I think we need to have something in the way of either the Australian or the British system, and we need to build up the practice of calling ministers and their officials before the committee to testify in person.

That would be much more effective in some instances than writing them a letter and getting back as we did at first, though this has now pretty well ceased, replies which said, "This would require giving a legal opinion which, as you know, I am not allowed to give." That gramophone record, as I called it, we got in one instance, I remember, five times in one letter. We simply could not get these people to tell us why they thought this particular regulation, which in our judgment was of highly doubtful legal validity, was in their opinion legal. Well, in general we got over that, and we now usually winkle out of them, somehow, an explanation of why they think something is valid, why they think it is not an improper exercise of a power, why they think it does not offend against any of our criteria, and so on.

**Senator McIlraith:** Honourable senators, I thank Senator Forsey for answering my questions.

**Hon. Allister Grosart:** Honourable senators, I think that some response is called for to this excellent report of this committee which, in the short time it has been operating in the public interest, has accomplished so much.

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

**Senator Grosart:** We in the Senate are very proud of the fact that the co-chairman, during the entire existence of this joint committee, has been Senator Forsey.

I myself am disappointed and appalled by what Senator Forsey has told us about the problems this committee has had in obtaining adequate response to the many comments it has made. The problem of regulations, of subordinate legislation, is one that has been with us for a long time. Not only this committee, but, as indicated by Senator Forsey, our own National Finance Committee has addressed itself to some of the very same problems. Some have been raised by individual senators, as in the comment of Senator McIlraith about what might have happened if the estimates had been discussed and passed by Parliament in the way they were discussed before certain changes took place.

What appals me is the fact that Senator Forsey has to tell us that the terms of reference and the powers of his committee appear to be inadequate. It seems to me to be a serious

condemnation of our whole parliamentary process that a committee such as this, a joint committee of both houses, can find, in the words of Senator Forsey, important regulations—which, in effect, become the law of the land as far as those who are subject to them are concerned—that are of doubtful validity. I would agree with Senator Forsey that not only the postal regulations, but many more, are of doubtful validity.

There are two kinds of doubtful validity involved, and perhaps even more than two. One of them, however, arises from the very regulations themselves. Should they seek the wide powers that a statute appears to give them? The committee, I believe, has said that this is not its business. It has confined itself, rather, to the exercise of powers as stated in an act, and to whether the exercise of those powers goes beyond the authority given.

I have read the reports of this committee for some time now, and it seems to me that we are in a position where it is as clear as anything could be that over and over again the administrative bureaucracy is generally exceeding the powers that Parliament has given it. Yet, as Senator Forsey has told us, his committee—a joint committee of Parliament that was set up to police its legislative activities, (and I do not think that is too strong a word, since it was the intention of Parliament that they should be policed) is powerless to effect a change, or correct what is surely an injustice if there are Canadians, individually or collectively, whose interests are being prejudiced by the actions of bureaucrats. Surely there should be a remedy.

● (2050)

I believe there is a legal maxim that where there is no remedy there is no wrong, and that seems to be the problem here. I would say to Senator Forsey, and I am sure he will not mind my doing so even though he seemed to see some impatience in my reaction to his preliminary remarks, that I would be most interested in having him elaborate a little on the serious question he has raised, and that is as to what can be done in the future to give this committee the tools to do the job that it has been asked to do. Would he suggest a change in the terms of reference? Would he suggest a methodology, a mechanism by which this committee would be empowered to do more than beg departments, beg bureaucrats, beg ministers to write letters in response to their questions, their comments, and in many cases their clear statements that in their view officials had gone beyond the authority that Parliament intended to give them or that Parliament had in fact given? What can be done? Senator Forsey tells us that he may not be here when this committee again resumes its work. In my view, it would be a pity if the matter were left this way, as it stands, with merely a lament from Senator Forsey, when perhaps we could get from him some positive suggestions as to what might be done.

In other jurisdictions, certainly in the Congress of the United States, committees are empowered to get action. I would ask Senator Forsey if he really believes we are going to go on and on with a committee such as this, which finds over and over again an excess of authority and an abuse of power, when Parliament, as represented by this committee, is powerless to do anything about it. Is it the kind of situation where the Senate should say, "All right, we must tolerate it; there is nothing that can be done"? Senator Forsey mentioned one of the Australian devices, but it is more than a device; it is authority given to the second chamber in Australia to pass a resolution. I understood him to say that this was beyond the authority of this chamber. I wonder if it is. Perhaps we could have some comment from him on that point.

Would it not be possible for this chamber to resolve, on the authority of the joint committee, that such and such an abuse of power was condemned? Could we not pass a resolution and send it on to the other place saying, "This is an abuse of power which ought not to be permitted, and the Senate of Canada recommends that this abuse now stop." Perhaps we could have some comment from Senator Forsey on these points.

**Senator Forsey:** Honourable senators, if I may be allowed to reply to some of those very interesting questions asked by Senator Grosart—have I leave to do so? I do not want to transgress by making, as it were, a second speech.

**Hon. Senators:** Agreed.

**Senator Forsey:** First of all, all the power we have now is the power to report, and when we have reported both houses can adopt our report which may contain, and our reports often have contained, condemnations of abuses of this power. But the trouble with that is that it has apparently, in some instances, absolutely no effect. We condemn and it is carried off down the wind; nothing happens.

The important point in Australia is that under the law a senator can move that an ordinance, an order in council, a regulation, a statutory instrument be disallowed, and when it is carried by the Senate, the regulation is wiped out. It automatically disappears. It is not merely a condemnation; it is not merely a resolution; it is not merely something that has to go to the other house. In Australia the matter is dealt with entirely by the upper house, incidentally, and if the upper house there disallows a regulation, it is gone; it is legally dead; it is null, void and of no effect. That is one power which some of us are inclined to think—I don't want to anticipate the conclusions to which the committee itself may come, but this is one power which some of us think we ought to have here, the power for our committee to make a recommendation upon which then any senator or any member of the House of Commons for that matter could get up and move that this regulation, this instrument be disallowed. And if that carried then that would be the end of the regulation.

I suppose there would be nothing to prevent the executive from having another go at it, but it would be a pretty temerarious cabinet which would venture after a disallowance of that sort had taken place to present the same concoction a second time to an enraged Senate and an enraged House of Commons. At least one hopes it would be pretty temerarious on the part of any government to do that.

A second thing that some of us feel would be very desirable would be to introduce into our legislation at every possible

opportunity where there is an enabling clause provision either for an affirmative resolution or a negative resolution. If that can be done in Great Britain, it can be done here. It has been very successful in Great Britain. Just as the disallowance procedure in Australia has been very successful and it has been often used—very often; it is not simply a paper power which they could use; it is in fact a power which they actually use, often. In the United Kingdom the power of affirmative or negative resolution is used very effectively. That does not exist here except in an imperfect form in a very, very small number of statutes.

Another thing which we hope in virtue of this report the committee will in future be allowed to examine is whether when a bill comes forward containing enabling clauses, empowering the executive or some instrument of the executive, to make regulations or orders of any kind, those enabling clauses should stand referred to the Statutory Instruments Committee for specific examination by that committee and report. This would not, of course, infringe the jurisdiction of an ordinary committee considering the bill to consider all parts of it, but it would mean that the particular enabling clauses which are sometimes of an almost unbelievable amplitude would be examined by a committee which was accustomed to dealing with this kind of thing and which had a professional expertise, acquired by experience very largely. We think this would make a great difference.

● (2100)

Honourable senators may recall that when the immigration bill was before us there were three pages, I think, of enabling clauses. Some of them were of portent so extraordinary that my eyes almost started from my head as I read them.

Some honourable senators will perhaps recall also that the Leader of the Opposition moved an amendment to apply, I think it was an affirmative resolution procedure to regulations, under these particular clauses. That was an amendment I am happy to say I supported with enthusiasm and fervour, although honourable senators will also recall that it fell by the wayside. It did not get through.

But if we could have the committee specially charged with this duty able to examine enabling clauses in bills and to report to the houses, "This is a very dangerous, far too broad enabling clause," it might enable us to stop some of these abuses in their tracks, instead of having a look at the thing afterwards and saying, "My hat! This is awful. How in the world did Parliament ever let this get passed?" An ounce of prevention is worth a pound of cure.

These are some of the things that the committee will want to consider carefully, if this report is adopted by this house as it has already been adopted by the other house. I do not know if I have covered all of the ground Senator Grosart asked me to cover, but I think I have given him some indication of what members of the committee had in mind and some indication of the kind of action which the committee will be considering. I think there is a strong feeling in the committee that much more needs to be done; that this regulation-making power, this power of the bureaucracy has become a monster. One does not in the least impugn the good intentions of the people who exercise it, but we all know where good intentions pave the way to, in many instances. We do feel that it is, in essence, a very dangerous power that is often given, and with probably insufficient consideration, because it is not the business of the committee which is considering the substance of the bill, it is not primarily its business, to look at this particular aspect of it, whereas, if what some of us would like to see were adopted, it would be the primary duty of what one might call an expert committee to look at this and report back to the houses that this would simply not do.

[Senator Forsey.]

**Senator Goldenberg:** Would Senator Forsey permit a question? Would he tell us where the Australian Senate derives its power, which he has described—that is the power of a senator to move that a regulation be disallowed? Is it under the Commonwealth of Australia Constitution Act? I doubt that.

**Senator Forsey:** I don't think so. I have not looked at that Constitution for some time or at all in this context. I suspect, however, that it is under actual legislation passed by the Commonwealth Parliament, but I am not sure. Certainly, it could not be done simply by standing orders and I cannot recall seeing anything in the Commonwealth of Australia Constitution Act providing for it. But I think it is done by means of valid legislation under that Constitution. I am pretty certain it is not in the Constitution. I have read it a good many times, though I must confess it was usually in connection with the last constitutional crisis in Australia, where this was not involved.

Motion agreed to and report adopted.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### FOURTH REPORT OF JOINT COMMITTEE—INQUIRY STANDS

On the Inquiry of Senator Forsey:

> That he will call the attention of the Senate to the Fourth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, tabled in the Senate on Tuesday, 13th February, 1979.

**Senator Forsey:** Honourable senators, I should like to ask to have this stood. I do not think the Senate should be called upon to endure two speeches by me in one evening.

Inquiry stands.

## INDUSTRY, TRADE AND COMMERCE

### AGREEMENT BETWEEN CANADA AND EUROPEAN ECONOMIC COMMUNITY—INDUSTRIAL MISSION TO ITALY

**Hon. Peter Bosa** rose pursuant to notice of Thursday, February 15, 1979:

> That he will call the attention of the Senate to developments arising out of the Agreement between Canada and the European Economic Community in the field of economic co-operation and, more specifically, to the recent

industrial mission to Italy which was organized by the Department of Industry, Trade and Commerce, in which fifteen Canadian businessmen representing various segments of the economy participated.

He said: Honourable senators, I was pleased to accept an invitation by the Honourable Jack Horner, Minister of Industry, Trade and Commerce, to be the leader of an industrial mission to Italy. That mission was sponsored by the officials of his department and it came about at the invitation of the Italian government and was perceived in Italy as a return mission corresponding to an Italian mission to Canada in the fall of 1976, which was headed by the Honourable Dr. Galli, the then Under Secretary to the Minister for Foreign Trade in Italy.

Our mission visited Italy for ten days starting January 21, 1979. It included 13 senior representatives of Canadian industry as well as three senior departmental officials.

I would ask that a list of the members of the mission to Italy be printed in *Hansard* at this point in my speech.

**Hon. Senators:** Agreed.

[*The list follows:*]

MEMBERSHIP OF MISSION

*Mission Leader*
Senator Peter Bosa
The Senate
Ottawa, Ontario

*Department of Industry, Trade and Commerce*
John A. Dawson
Director General
Construction & Consulting Services Branch
Hubert Larose
Mission Secretary
and Special Assistant to Mr. Dawson
David McJanet, Assistant Chief,
European Bureau

*Business Representatives*
Mr. Giovanni Rizutto
Vice President
Corival Incorporated
4085 St. Elzear Street
Durvernay, Montreal, P.Q.
Mr. Lloyd Bergman
President and General Manager
Bergman-Whissell Construction International
5834-99 Street
Edmonton, Alberta
Mr. K. Jones
President
Standard-Modern Tool Co. Ltd.
69 Montcalm Avenue
Toronto, Ontario
Mr. A. S. Donovan
President
Donlee Manufacturing Industries Ltd.
430 Signet Drive
Weston, Ontario
Mr. Jacques Vaillancourt
Vice President
Aluminum Company of Canada Ltd.
Suite 801 - 116 Albert Street
Ottawa, Ontario
Mr. Joe Clapp
Vice President
European Operations
Atco International
1243 McKnight Blvd., N.E.
Calgary, Alberta
Mr. Willie Bertchmann
Vice President, Marketing
Safeway Shelter Systems Ltd.
P.O. Box 970
Claresholm, Alberta
M. Jean Jolicœur
President
Les Produits Progressifs Ltée
3435 Montée Gagnon, Route 335
St. Louis de Terrebonne, Quebec
Mr. Douglas H. MacDonald
President
Capilano Plastics Co. Ltd.
1684 West 2nd Avenue
Vancouver, B.C.
Mr. G. Roy
Construction Management
275 Duncan Mill Road
Don Mills, Ontario
Mr. Ronald Claudi, Eng.
The Shawinigan Engineering Co. Ltd.
620 Dorchester Blvd. West
P.O. Box 3010, Station B
Montreal, Quebec
Mr. W. E. McIntyre
Director & Chairman of Export Services Group
Association of Consulting Engineers of Canada
130 Albert Street, Suite 616
Ottawa, Ontario

Mr. Ian Robertson
Director of Operations
Simons Resource Consultants
1178 West Pender St.
Vancouver, B.C.

**Senator Bosa:** By way of background, industrial co-operation was first introduced when Prime Minister Trudeau visited a number of western European communities in Brussels in 1974 and 1975. Those visits set in motion a series of meetings between officials of Canada and their European counterparts to explore ways in which the promotion of industrial co-operation might be approached. The purpose was to encourage Canadian and European firms to consider exchanges in industrial technology, licensing agreements, joint ventures, joint research or development undertakings and two-way marketing arrangements. These, honourable senators, are the essential elements of industrial co-operation.

Before I deal with the details of the mission, I believe it is important that we have an understanding of the perception we have of Italy. Very often we form an opinion from the headlines of the media. In the case of Italy the news we get most often relates to violence, kidnappings, terrorism and perennial government crises. But there is another image of Italy: The official one given to us in an orientation session by our trade expert, Dr. Sidney Harris of the Canadian embassy in Rome, at his residence on the evening of January 21.

My impression of the orientation session is that there has been a remarkable performance of the Italian economy from an international perspective in terms of surplus on current accounts and rebuilding of reserves. In January of 1976 the situation seemed hopeless. They moved from a situation where the country had $25 billion in debts, and foreign exchange reserves of only $600 million, to a position in January, 1979, where reserves stand at $10 billion. In addition, they have $18 billion in gold at present prices and only $15 billion in external debts.

Most outstanding debts are of the long-term variety and pose no problem in the present financial health situation.

The principal economic concerns of the Italian government centre on the agricultural sector.

● (2110)

Italy is a net contributor to the Community budget, some 80 per cent of which goes toward agricultural subsidies principally to northern agriculture, benefiting Danish, Dutch and French farmers, while doing very little for Italian vegetable, citrus products, olive and wine producers. As a case in point, Italy spends $500 million per year importing expensive meat from other community producers when it could import the same quantity of meat for about half the price from other sources such as Australia and Argentina. At the same time, very little of the Community budget is allocated to social or regional development funds which could provide immense economic benefits to the Italian south known as il mezzogiorno. From this viewpoint, Italy looks forward to the eventual accession to the European Economic Community of Spain, Portugal and Greece, because they will add weight and focus the concerns of the Community on under-developed regions and the Mediterranean, and agricultural problems.

During last year Italy's inflation rate was brought down from 22 per cent to 12 or 13 per cent. At the end of 1978 unemployment stood at approximately 7.5 per cent.

Prior to the present crisis, Mr. Andreotti's government staked its future on a three-year economic plan, which was promised at the summit meeting of the leaders of the most industrialized nations of the world at Bonn, Germany, last summer. The plan, known as the Pandolfi plan, and named after the Minister of Finance, is stated to (a) reduce public expenditures by cutting back on the health services plan, preventing abuses of the pension system and tightening up tax collections; (b) reduce expenditures in the public sector industries, a situation unique to Italy where public industries account for 35 per cent of the GNP; (c) continue to reduce the rate of inflation by holding the line on wage, salary and price increases; and (d) tackle economic development of the south. The hopeful result of this three-year package is a growth rate of 4 to 4.5 per cent of the GNP.

Pandolfi's plan was tabled in Parliament last January. As honourable senators know, Mr. Andreotti has since submitted his resignation and attempts are being made at this time to form a new coalition.

The situation ought not to be viewed with alarm, as coalition governments have become a way of life in Italy. It may seem from the outside that Italy is politically on the edge of the precipice, but the country has shown over the last 30 years that it has remarkable recuperative powers. It has a lot of know-how and ingenuity, but is practically devoid of natural resources.

To get back to the mission, the program in Canada was co-ordinated by the director of the Consultative Services Branch, Mr. John Dawson; his assistant Mr. H. Larose; and Mr. D. McJanet of our European commercial bureau. In Italy, arrangements were finalized between the officers of the commercial division of the Canadian embassy in Rome and Milan, namely, Dr. S. Harris and Messrs. Sulzenko, Staples and Summers, and the officers of the Institute for Foreign Trade, Istituto Commercio Estero, led by Dr. Michele Armento, who has extensive experience in this area, having served as Italian Trade Commissioner in Toronto for five years until 1976.

After a brief visit with the Under Secretary for Foreign Trade, Onorevole Bernardi, we were formally received by the President of Istituto Commercio Estero, Mr. Deserti, a self-made man who was recently recruited from private industry by the Italian government to head this very important agency. In perfect English he extended his welcome to the mission. I then followed with a few remarks on the historical ties between Canada and Italy, after which the Canadian Ambassador to Italy, His Excellency d'Iberville Fortier, spoke at greater length on culture and trade. The members of the Canadian mission met their Italian counterparts on this occasion. I ask

that a list of our Italian counterparts be printed in *Hansard* at this point.

**Hon. Senators:** Agreed.

[*The list follows:*]

ITALIAN MINISTRIES AND ORGANIZATIONS REPRESENTED AT INSTITUTO COMMERCIO ESTERO MEETING

| | |
|---|---|
| Ministry of External Affairs<br>Via della Farnesina<br>Tel. 36911 | Mr. Scaglia |
| Ministry of Foreign Trade<br>Viale America<br>Tel. 5993 | Mr. Ghelardini<br>Mr. Martucci<br>Mr. Simeoni<br>Mr. Cappelli |
| Ministry of Industry<br>Via Veneto, 4705 | Mr. M. Mascolini |
| Confindustria<br>(Confederation of Italian Industries)<br>V.le Astronomia<br>Tel. 59031 | Mr. A. Sbrocca<br>Mr. G. R. Cuturi<br>Mr. M. Pannacciulli |
| Camera di Commercio Italo-Canadese<br>(Italo-Canadian Chamber of Commerce)<br>V. S. Vitale, 8—Bologna<br>Tel. 267897 | Mr. M. Angelici<br>Mr. G. Guerrieri |
| Section of Rome | |
| Ance<br>(Italian Builders' Association)<br>Via Guattani, 16<br>Tel. 84881 | Mr. F. Piccinini<br>Mr. M. Aftieri<br>Mrs. L. Zucca |
| O.I.C.E.<br>(Italian Consulting Engineers Association)<br>Largo Messico, 7<br>Tel. 851685 | Mr. C. Lotti<br>Mr. M. D'Angelo |
| A.N.I.M.A.<br>(Meccanicale and Allied Industries Association)<br>c/o Confindustria | Mrs. Petroli |
| Federlegno<br>(Timber and Furniture Industries Federation)<br>Via Toscana, 10<br>Tel. 484601 | Mr. Cardellini |
| Aschimici<br>(Association of Chemical Industries)<br>Via Tomacelli, 132<br>Tel. 6793251 | Mr. Salvo |
| I.A.S.M.<br>(Agency for Development of Southern Italy)<br>Via Pilzuscki<br>Tel. 8472 | Mr. Mazzoni |
| Cassa per il Mezzogiorno<br>(Financial Agency for Southern Italy)<br>P.le Kennedy<br>Tel. 51911 | Mr. V. Gambino<br>Mrs. Salerno |
| Banca Commerciale Italiana<br>(Italian Commercial Bank)<br>Via del Corso, 226<br>Tel. 6780141 | Mr. G. Di Ciò |
| Banca Nazionale del Lavoro<br>(Italian Bank Labour)<br>Via V. Veneto, 119<br>Tel. 4662 | Mr. G. Signore<br>Mr. M. Gnocchi |
| Credito Italiano<br>(Italian Credit Bank)<br>Via del Corso, 374<br>Tel. 67021 | Mr. G. Pascanio<br>Mr. G. Salazar<br>Mr. G. De Martino |

**Senator Bosa:** Some 300 meetings took place during the next 10 days in such cities as Genoa, Bologna, Turin and Milan, where the mission wound up on January 30 with a dinner hosted by our Consul General, Mr. Van Tighen, and attended by some 130 Italian businessmen, on which occasion I spoke at some length on the Canadian political and economic situation and the purpose of our mission.

We were treated with utmost courtesy and regard throughout the period. I was received by Mr. Andreotti for 35 minutes. It was a cordial meeting during which there was an exchange of views about some of the problems that confront both countries, and I could perceive the high regard and admiration Mr. Andreotti has for Canada.

I was also received by the Honourable Carlo Russo, Chairman of the Foreign Affairs Committee, as well as Senators Italo Viglianesi and Sergio Fenoaltea.

In Bologna I met, through Professor Angelici, President of the Italian Chamber of Commerce, the Honourable Lorenzo Cappelli, who is promoting a Canadian parliamentary friendship group. Later on this year they intend to invite Canadian parliamentarians to visit Italy. Italian parliamentarians, as honourable senators will recall, visited Canada in 1971.

Our young and dynamic Ambassador D'Iberville Fortier was with me at all times during our meetings in Rome, and I am grateful to him for his assistance, advice and hospitality which went beyond the usual official formalities.

The political climate in Italy is changing. According to a newspaper report, a poll indicated that if an election were held at this time, the Christian Democrats' popular vote would likely jump from 38 p. 100 to 43 p. 100, mostly at the expense of the communists, whose popularity it is said would decline from 34 p. 100 to 30 p. 100. My perception is that no one in Italy wants an election at this time. The Christian Democrats would still be in a minority position, and would still need the

support of other minority parties in Parliament. The communists, it is believed, are not interested in showing that their popularity is on the decline, so the complex process of negotiation and consensus is likely to continue for some time. An Italian parliamentarian told me that what is wrong with the Italian electoral system is the "proportionate representations." They are locked in a system which, in theory, is ideal but, in practice governments are condemned to a perennial minority position.

Since Mr. Andreotti's visit to Canada in the fall of 1977 and the Canadian involvement in the assistance to the earthquake area of Friuli, relations between Canada and Italy have never been better. Industrial co-operation provides a new dimension to this relationship. It expands the present ties, of which there are many, between the two countries. There are historical, ethnic, cultural, economic and political ties, and I should like to mention some that go back to the very beginning of the development of this country starting with its discovery by Giovanni Caboto in 1497. Giovanni da Verrazzano, in 1526, convinced the French Court that settlement in Canada was both desirable and feasible. Enrico Tonti, the explorer, was assistant to de La Salle in 1678. Brigadier General Francesco Carlo Burlamacchi was Montcalm's third-in-command in the battle on the Plains of Abraham. There are many examples in Canadian history such as the ones I have cited.

● (2120)

In addition, there are one million Canadians of Italian origin in Canada at the present time. Canada and Italy are both members of NATO and both belong to the group of seven most industrialized democracies of the west, and the Organization for Economic Co-operation and Development. In Rome, there is a Canadian academic centre, and much activity is going on there. Recently, "Il Gruppo Dei Giovani" from Toronto presented Pirandello, both in English and in Italian, at the Pirandello festival in Agrigento.

Trade between Canada and Italy has been valued at approximately $1 billion a year. Approximately 25 per cent of the national wealth of both countries depends on exports. There are already substantial investments and joint ventures in both countries. I visited the Alcan Aluminum plant located in Ornago near Milan, and the presence of Olivetti and Pirelli in Canada is well known.

The James Bay hydro-electric development was completed by a joint venture between Impregilo of Italy and Spirro of Montreal, Quebec. Bombardier of Canada and Grandi Motori of Trieste have joined forces for the manufacturing of turbines, diesel motors and so forth. Cantieri Navali Riuniti of Genoa have joined their expertise with Davie Shipbuilding of Lauzone, Quebec, in their bid for the building of six patrol frigates for the Canadian navy, valued at approximately $1.5 billion.

Negotiations are proceeding between Atomic Energy of Canada and NIRA and ENEL of Italy for the purchase of two Canadian reactors to be built in Sicily and Sardinia. An agreement for the exchange of nuclear technology may be concluded in a few months, which will pave the way for joint manufacture of CANDUS in Italy for domestic and export markets.

The results of the mission will become apparent in time. The mission itself served to introduce Canadian firms, and Canadian interests generally, to the Italian government and business community. Precise industrial co-operation projects, by and large, remain to be worked out through active follow-up by Canadian and Italian firms, which met each other, as I stated, in the course of the mission, and by the governments of both countries. The Italian construction firms and consulting services are, in very large measure, externally oriented, with 80 per cent to 90 per cent of their volume of business being conducted abroad. Considerable interest has been expressed by Italian firms concerning the extent to which concessional financing from Canada may be available for third country projects in which both Canadian and Italian firms may co-operate. It would appear that there are two principal areas for co-operation between Canadian and Italian consultants. One is in the area of technology transfer where complementariness has been identified, and the other is in the area of combining skills and financial strengths in joint ventures in third countries.

Several opportunities for co-operation in the manufacturing areas are being assessed, especially in plastics and in medical equipment. The area of machine tools manufacture also appears to be one of promise.

Two mission members who are in the business of supplying specialized machine tools and other equipment to the nuclear industry are currently examining the results of several meetings with the Italian government and industry representatives in Rome, Genoa and Milan. These members were much impressed with the state of development of the Italian nuclear-related industry and, like other mission members, are assessing opportunities for co-operation with Italian firms.

In general, mission members were, at the conclusion of the mission, unanimously enthusiastic about the response of Italian industry and government to this Canadian initiative. The excellent recovery by the Italian economy in adjusting to the aftermath of the 1973 energy crisis, and the sophistication, especially in an international context, of Italian manufacturers, contractors and consultants, also encouraged our people toward the premise that Canada/Italy industrial co-operation across a wide industrial spectrum is indeed a worthwhile and attainable objective.

Honourable senators, I was pleased to have been part of this mission and to have been given the opportunity to make a small contribution to its success.

**The Hon. the Speaker:** As no other senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 619*)

TABLE 1

Catches by foreign countries in ICNAF Subareas 2-4
(metric tons except for seals)

| Species | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| Cod | 552,191 | 404,882 | 270,875 | 160,026 |
| Haddock | 3,921 | 3,798 | 1,283 | 1,813 |
| Hake (silver) | 95,992 | 119,680 | 97,158 | 36,731 |
| Hake (white) | 800 | 3,704 | 2,460 | 2,118 |
| Halibut (Atlantic) | 442 | 339 | 341 | 202 |
| Herring | 25,355 | 25,184 | 3,963 | 363 |
| Sardine[1] | — | — | — | — |
| Salmon | — | — | — | — |
| Tuna (bluefin) | 370 | 383 | 13 | 10 |
| Clams | — | — | — | — |
| Crab | — | — | — | — |
| Lobster | — | — | — | — |
| Shrimps | — | — | 443 | 38 |
| Oyster | — | — | — | — |
| Seals (number of harp and hooded) | 65,381 | 70,387 | 54,001 | 41,674 |
| Whales | — | — | — | — |
| Other seafish | 661,281 | 688,878 | 548,616 | 328,562 |
| Other shellfish (incl. squid) | 4,655 | 14,451 | 31,338 | 48,871 |

[1]Foreign catches of herring were of adult sizes rather than sardines.

TABLE 2

CANADIAN IMPORTS BY SPECIES AND PRODUCT FORM, 1970-1977

Quantity in metric tons, product weight—Value in $'000

| | 1970 | | 1971 | | 1972 | | 1973 | | 1974 | | 1975 | | 1976 | | 1977 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quant. | Val. | Quant. | Val. | Quant. | Val. | Quant. | Val. | Quant. | Val. | Quant. | Val. | Quant. | Val. | Quant. | Val. |
| Cod | — | — | 1,338 | 1,318 | 1,081 | 1,349 | 1,378 | 2,079 | 1,928 | 2,992 | 1,320 | 2,191 | 1,790 | 3,147 | 2,076 | 3,287 |
| Haddock and Hake | — | — | 414 | 466 | 592 | 672 | 1,400 | 2,169 | 1,962 | 2,471 | 2,647 | 2,838 | 2,539 | 3,161 | 3,014 | 2,974 |
| Halibut | 1,668 | 1,561 | 1,663 | 1,478 | 1,960 | 2,822 | 779 | 1,483 | 827 | 1,692 | 1,134 | 2,934 | 965 | 3,137 | 403 | 1,670 |
| Salmon | 3,088 | 4,516 | 3,107 | 5,152 | 2,027 | 3,602 | 1,821 | 4,374 | 1,857 | 3,316 | 3,168 | 8,308 | 3,495 | 10,305 | 6,229 | 10,086 |
| Tuna | 5,388 | 7,398 | 6,006 | 8,175 | 8,094 | 11,900 | 10,678 | 21,800 | 10,012 | 17,617 | 10,001 | 17,420 | 12,903 | 23,712 | 15,408 | 30,949 |
| Herring | 1,370 | 979 | 920 | 771 | 711 | 693 | 1,067 | 935 | 1,344 | 1,292 | 623 | 806 | 565 | 779 | 570 | 905 |
| Sardine | 963 | 1,394 | 1,068 | 1,596 | 1,311 | 1,994 | 1,391 | 2,361 | 1,373 | 2,482 | 1,093 | 2,069 | 1,277 | 2,668 | 1,461 | 3,405 |
| Anchovy | 176 | 422 | 247 | 565 | 196 | 480 | 427 | 1,025 | 505 | 949 | 254 | 657 | 233 | 721 | 534 | 1,976 |
| Freshwater trout | 280 | 494 | 678 | 1,014 | 750 | 1,003 | 608 | 1,113 | 862 | 1,815 | 714 | 1,415 | 701 | 1,782 | 987 | 3,084 |
| Crab | 27 | 113 | 8 | 26 | 409 | 1,082 | 427 | 1,590 | 463 | 1,615 | 684 | 2,919 | 836 | 3,462 | 1,581 | 6,656 |
| Lobster | 850 | 3,449 | 1,056 | 4,349 | 1,462 | 7,373 | 1,680 | 9,594 | 1,999 | 13,845 | 2,106 | 15,885 | 2,524 | 23,401 | 2,982 | 27,240 |
| Shrimp | 6,386 | 18,176 | 6,584 | 19,832 | 7,725 | 27,397 | 7,450 | 33,607 | 8,483 | 36,453 | 8,701 | 41,653 | 11,002 | 60,585 | 1,136 | 71,795 |
| Oyster | 18,563 | 2,474 | 18,026 | 2,653 | 16,129 | 3,416 | 23,045 | 3,561 | 22,772 | 3,703 | 13,110 | 4,516 | 17,419 | 4,853 | 18,773 | 6,346 |
| Clam | 1,925 | 1,249 | 1,816 | 1,164 | 2,230 | 1,584 | 3,523 | 2,444 | 2,457 | 2,612 | 1,534 | 1,788 | 2,387 | 2,947 | 2,063 | 3,902 |
| Unspecified Species | 15,670 | 12,233 | 13,711 | 12,304 | 19,729 | 16,207 | 23,691 | 23,139 | 22,299 | 27,304 | 25,149 | 29,385 | 32,482 | 38,671 | 39,184 | 46,514 |
| All Species | 56,354 | 54,458 | 56,642 | 60,863 | 64,406 | 81,574 | 79,365 | 111,274 | 79,143 | 120,158 | 72,238 | 134,784 | 91,118 | 183,331 | 106,401 | 220,789 |

# THE SENATE

**Wednesday, February 28, 1979**

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

Prayers.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

List of shareholders in the Chartered Banks of Canada as at the end of the financial years ended in 1978, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

List of shareholders in the Montreal City and District Savings Bank as at October 31, 1978, pursuant to section 101(1) of the Quebec Savings Banks Act, Chapter B-4, R.S.C., 1970.

Report on operations under the Clean Air Act for the fiscal year ended March 31, 1978, pursuant to section 41 of the said Act, Chapter 47, Statutes of Canada, 1970-71-72.

Copies of a letter dated October 12, 1978, from the Vice President, New Products, Loto Canada to Mr. Gib Gauvreau, Loto Canada, concerning the cancellation of Loto Select.

Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1979-259, dated February 1, 1979.

Reports of the Administrator under the Anti-Inflation Act, dated February 23, 1979, pursuant to subsection 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the references on the Regional Municipality of York, Newmarket, Ontario.

[*Translation*]

## PARLIAMENT

OFFICIAL REPORT (*HANSARD*)—PRICE INCREASE—QUESTION

**Senator Flynn:** Honourable senators, in the absence of the Leader of the Government in the Senate, I will put my question to his deputy who will no doubt take it as notice.

I understand that a decision has been taken by some department to increase the subscription cost to the *Official Report of the Senate* from $3.00 to $32.00 and if I am not mistaken that of the House of Commons from $3.00 to $65.00. I do not know whether it is true, but I wonder if it is due to the fact that the government feels that the Senate is given too much publicity or that it does not want too much publicity about what is going on in the other place?

**Senator Langlois:** Honourable senators, my good friend, the Leader of the Opposition is still making gratuitous assumptions. I had the opportunity to investigate the matter yesterday as a result of a letter which I had received and I learned from the Government Publishing Centre that no decision has been taken to that effect and that those inquiries concerning the alleged increase in the price of *Hansard* were made as a result of an apparently unfounded article published in the Ottawa *Citizen* last week. However, following the question of my friend, I am ready to make further inquiries and if I learn something new, I will be pleased to advise this house.

**Senator Flynn:** Agreed.

[*English*]

## ENERGY SUPPLIES EMERGENCY BILL

PRIOR CONSULTATION WITH PROVINCES—QUESTION ANSWERED

**Senator Langlois:** Honourable senators, I should like to answer several questions put to the Leader of the Government. The first set of questions had to do with the Energy Supplies Emergency Bill, Bill C-42.

On February 22 several questions were put to the Leader of the Government. The first question came from the Leader of the Opposition, who asked whether there had been consultation with provincial governments prior to the introduction of the bill. This was followed by a question from Senator Olson, who asked if there were going to be consultations so that Alberta would understand the totality of what this bill intends to do.

Senator Perrault did not undertake at that time to give a specific response to these questions, but I am in a position now to make the following comments.

The Energy Supplies Emergency Act, 1979, is essentially the same as the Energy Supplies Emergency Act, 1974, which received parliamentary approval in January 1974 and had a legislated duration of two and a half years, expiring on June 30, 1976.

The 1974 act was apparently acceptable to the provincial governments at that time. Alberta's co-operation was reflected in the fact that it nominated one of the four members of the original Energy Supplies Allocation Board. As well, there was full consultation with the other provinces on the allocation and rationing programs that were developed pursuant to the original act but never, of course, implemented.

Provincial energy ministers were informed by telex on February 19 that Bill C-42 had been introduced and copies were sent to them that day by courier. Provincial governments have been invited, at the deputy minister level, to a federal-provin-

cial conference meeting to be held in early March to discuss Bill C-42, among other things.

## ENERGY

### POWER OF FEDERAL GOVERNMENT TO ACT UNILATERALLY—QUESTION ANSWERED

**Senator Langlois:** On the same day, February 22, Senator Smith (Colchester) asked "whether the federal government believes that everything that must be done to carry out the provisions of the bill concerning the rationing of energy can be done without the consent of the provinces."

In reply I can state that Bill C-42, the Energy Supplies Emergency Bill, 1979, is based on the peace, order and good government provision of the British North America Act. It does not, therefore, require the consent of the provinces. However, the federal government will continue to solicit the views and assistance of the provincial governments in the development and possible implementation of allocation or rationing programs pursuant to Bill C-42.

Honourable senators will note that in clauses 14 and 15 of Bill C-42, provision is made for the Energy Supplies Allocation Board to enter into agreements with the provinces. In explaining the previous bill to the standing committee in December, 1973, the Honourable Donald S. Macdonald, the then Minister of Energy, Mines and Resources, indicated that he had discussed these provisions relating to gas and electricity with the provinces, who advised him that they were satisfied with this format.

### INTERNATIONAL ENERGY AGENCY—QUESTION ANSWERED

**Senator Langlois:** Honourable senators, on the same day, Senator Roblin asked if the leader could give the Senate the reviews of the International Energy Agency insofar as they affect this country.

In answer to that, the publication of the OECD entitled, "International Energy Agency, Energy Policies and Programmes of IEA Countries, 1977 Review (Paris 1978)" contains at pages 67-75 the country report on Canadian energy policies and programs, and at pages 222-227 an annex relating to Canadian energy research and development programs. The relevant sections are attached to the report, and I would be pleased to send copies to my honourable colleague if he wishes to read them.

### STRATEGIC OIL RESERVES—QUESTION ANSWERED

**Senator Langlois:** Honourable senators, on February 20, 1979, Senator Roblin asked a question regarding strategic oil reserves in Canada.

Canada does not have a strategic petroleum reserve for civilian use, in the sense that the United States and some other countries do. Commercial stocks, which are distributed across the country in relation to the requirements of the oil products market, are equivalent to about 75 days' supply measured against our total consumption of some 1,800,000 barrels a day.

• (1410)

However, measured on the IEA basis—that is, in relation to our net imports of just over 200,000 barrels a day—these stocks are equivalent to more than 600 days' supply. Stocks in import-dependent parts of the country—notably, eastern Canda—are higher for operational reasons than in those parts of the country which are supplied by pipeline with domestic petroleum.

I repeat, I have photocopies of the OECD report in question and I would be delighted to send it to my honourable colleague if he is interested in seeing it.

## LOTO CANADA

### MINISTER'S STATEMENT ON REPORT RELATING TO LOTO SELECT PROJECT—QUESTION ANSWERED

**Senator Langlois:** Honourable senators, on February 22 Senator Roblin asked whether the Auditor General is in the process of investigating the Loto Select Project.

I am informed that the Auditor General is Loto Canada's auditor and, as such, will cover Loto Select as part of his normal review of Loto Canada's activities. It is not anticipated that there will be any special investigation.

### GRANTS TO MUNICIPALITIES—PROVINCIAL AGREEMENT—QUESTION ANSWERED

**Senator Langlois:** Following Senator Roblin's question relating to the Loto Select Project, Senator Guay asked whether or not the Premier of Manitoba had indicated acceptance or rejection for joint participation in the plan to upgrade the Winnipeg Arena.

As of the date of the question, the Government of Manitoba had not indicated to the federal government whether or not it was prepared to participate in the plan to upgrade the Winnipeg Arena.

Still on the same date, Senator Roblin then asked whether any contact had been made with the Board of Governors of the National Hockey League to determine their views.

I am informed that the National Hockey League meets in mid-March. It is not known whether the subject of expansion will be on its agenda at that time. If not, it will likely be discussed, I am informed, by the NHL some time in June.

Honourable senators, I have answers to other questions with me today, but I shall defer giving the answers until such time as the senators who asked the questions are in their seats.

## ENERGY SUPPLIES EMERGENCY BILL

### PRIOR CONSULTATION WITH PROVINCES—QUESTION

**Senator Olson:** Honourable senators, I wonder if I might ask a supplementary question of the acting leader arising out of his answer to Senator Flynn's question respecting Bill C-42.

In his answer the acting leader said there would be a meeting of the provincial deputy ministers of energy and the

federal government some time early in March. Is it the intention to withhold final passage of Bill C-42 until some time after that meeting so that we can hear the attitude of some of the provinces, particularly the supplier-provinces of petroleum, before the bill passes all stages?

**Senator Langlois:** Though there exists a strong possibility that this bill could be held up for some time either in the other place or in the Senate for other reasons, I cannot give such assurance to my honourable friend. I will make further inquiries and provide honourable senators with any additional information there might be in this respect.

## ENERGY

INTERNATIONAL ENERGY AGENCY—SUPPLEMENTARY QUESTION

**Senator Roblin:** Honourable senators, I should like to ask one or two supplementary questions in connection with the oil situation. First of all, I thank my honourable friend for his illuminating answer, and I would be glad to have the material he mentioned. I rise at this point to ask whether the material from the OECD gives the regulations of the International Energy Agency which Canada has agreed to subscribe to.

**Senator Langlois:** I have not had time to read all the material. I shall check into that and provide my honourable friend with that information.

**Senator Roblin:** I also note that my honourable friend, in respect to strategic reserves, said that special reserves were being maintained in the Atlantic provinces due to their peculiar supply situation. Is it possible for my honourable friend to give the house the details of that reserve?

**Senator Langlois:** Honourable senators, I do not have the information at hand as to the basis of the reserve that is maintained in the Atlantic provinces due to the fact that they are not linked by pipeline to a domestic petroleum source. I shall make further inquiries about that and inform the house.

## LOTO CANADA

GRANTS TO MUNICIPALITIES—PROVINCIAL AGREEMENT—QUESTION

**Senator Roblin:** Honourable senators, I have a supplementary in connection with the answer the acting leader gave respecting consultation with the National Hockey League in relation to the plan to upgrade the Winnipeg Arena.

Am I correct in assuming from my honourable friend's answer that the offer the federal government made in respect of that matter was made without consultation with the National Hockey League?

**Senator Langlois:** I do not have that information at hand. I shall make further inquiries and inform the house at a later date.

[Senator Olson.]

## BEEF IMPORT BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Sparrow, seconded by the Honourable Senator Macdonald, for the second reading of the Bill S-13, intituled: "An Act to control the importation of beef into Canada".—(*Honourable Senator McDonald*).

**Hon. Harry Hays:** Honourable senators, Senator McDonald has kindly consented to yield to me at this time so that I might make a few remarks about Bill S-13.

**The Hon. the Speaker:** Is it agreed, honourable senators?

• (1420)

**Hon. Senators:** Agreed.

**Senator Hays:** Honourable senators, I have been in the cattle business for 50 years, and most of the time I was broke.

**Hon. Senators:** Oh, oh!

**Senator Hays:** Until recently.

**Senator Flynn:** When did you stop?

**Senator Hays:** The cattle business is run on a boom-or-bust basis, and the reason I was broke is that most of the time there are more busts than booms. And I think that is what Bill C-13 is all about.

Honourable senators, each year it takes one cow to provide four Canadians with their meat, milk, butter and cheese requirements, and it takes one chicken to provide one Canadian with his egg requirements. Each Canadian eats 219 eggs a year and consumes 100 pounds of beef. That is some of the simple arithmetic used in the livestock business.

Canada is the second largest land area in the world, as you well know. The only country that is larger is the Soviet Union. But we can only use 6 per cent of the total area of Canada. We have 170 million acres between fences, and that gives us an average of seven acres per person. We could probably support a much larger population, but I think that to get the beef business into perspective, you have to have that sort of a background to see more clearly the situation you are dealing with.

Honourable senators, since 1974 we have had thousands of beef producers who have gone broke in this country because they were producing beef at below the cost of production. Beef animals are poor converters. We have been going backwards in the last 60 years in the breeding of beef cattle. With the animal we have today it takes nine pounds of feed to make one pound of live meat. At the same time it takes three and a half pounds of feed to make one pound of pork, and two and a half pounds of feed to make one pound of chicken. That is the sort of competition that beef producers are facing today.

We do not compete in the production of cattle with countries such as the United States. We have only 100 frost-free days in Canada, by and large, although some areas have as many as 150 and other areas as few as 70. So most of the time

our 170 millions acres are under snow cover. We have frost every day in one area or another, so when you take the land out of production for that much longer than would be the case, say, in the State of Texas, or in New Zealand where they have 10 months' pasture, you can see how we have to work our land to produce the commodities we need in Canada. We could easily import all our beef. They produce it cheaper in Africa, Latin America, the United States, Australia and New Zealand. But it would cost $4.5 billion to import our beef requirements.

We have long since learned that there are certain things every country must have in order to be self-sufficient and enjoy some of the luxuries of life. In Japan, for example, a roast of beef costs anywhere from $16 to $28 a pound, but they see fit to protect their beef industry because of their particular circumstances. They have 100 million people in a small area. They can't produce the grain it takes to feed the animals, and they don't have the pasture to graze them. They are on an import basis and consequently their consumption is low—about four pounds per capita as opposed to our 100 pounds.

As I have said, most people feel that there are at least a few kinds of food that every country should produce for itself, such as meat, potatoes, milk and other essentials. In Sweden, Finland and Norway—and I have been to those countries—they produce their own meat and potatoes and milk, and so on, and they protect those commodities. But in Canada we have not protected the beef business. Nor have we protected the lamb business. So long as it is healthy, lamb can be shipped to Canada from any country in the world. Consequently, we do not have a lamb business in Canada. We import all of our lamb from Australia and New Zealand, because it is healthy lamb and meets our standards. Our consumption of lamb is about half a pound per capita.

In terms of whether we need this bill, I suppose the question to ask ourselves is whether we want a beef industry or not. If we do not want one, we can go ahead and spend $4.5 billion and import it. But I suggest that it would play havoc with our balance of payment situation, if we were to spend another $4.5 billion to $5 billion. If we say we need the beef industry here, then it seems to me that one day Canada will have to become self-sufficient in that industry, as it is in other industries.

We do not import eggs, for example; not unless we are short of eggs. We supply all the eggs for our own consumption. We have consistency in price with a fair profit for the producer and we have an adequate supply. We are self-sufficient in the poultry business, the broiler business. Having decided we should be self-sufficient in the chicken business, we now consume about 35 pounds of chicken per year per capita. Our chicken is as good as that produced in any country, and our eggs are better than those of most countries. In our milk industry we are self-sufficient, and our milk is as good as that produced anywhere.

The beef we produce is also a good product. Our government inspection system is top-notch and we have a high-quality product. It is not the best quality in the world. It is not as good as Japan's. Scottish beef is probably better than ours, and American beef is a bit superior. That is because we do not want our beef quite so fat.

Having said all that, let me discuss what this bill gives us. It gives us a beef import law. I think all countries except Canada now have beef import laws. The United States does, New Zealand, Australia and all of the Economic Community countries have beef laws. We are not unique in bringing in such a law, therefore. We pretty well have reciprocity with the United States in respect of live cattle, and with our quota system for dressed beef this year we are bringing in only 155 million pounds. Live beef can be brought in from the United States. There is a price factor, and it is triggered by the discounted dollar and the 1.5 per cent duty, as Senator Roblin pointed out last night. It then moves into this country, and that is what disturbs us. Our costs are much higher, in my opinion, than those in the United States. All cattle people do not share this view. However, I think they are higher, because they have seven or eight months of pasture and we have only three to four months of pasture. Our costs are higher because of our tariff set up—the protection of other commodities, such as clothes, machinery and that sort of thing.

We in the beef business could buy our clothes cheaper from Korea, but we are protecting the textile industry. We could buy our automobiles cheaper from Japan, but we feel we should protect our automobile industry. We protect all of those industries and they, in turn, are our customers.

If we do not have regulation, the cattle can just rush in here. If the dollar were to go to $1.04, we would drop about 20 cents per pound for our cattle, and 20 cents per pound means about $200 or $250 per head. From 1974 until the spring of 1977, I believe that on every 1,000-pound animal that went to market the producer—the person who fed and produced it—lost $100. I believe the producers lost somewhere between $650 million and $700 million, and we are now paying for it.

I have just returned from Australia and New Zealand. At the peak in 1974 Australia had 31 million cattle. They went through the same devastating period. New Zealand had about 11 million cattle. The statistics I have are kind of hairy, because no one really knows how many cattle there are in the various countries. In Australia they told me they are now down to about 21 million cattle, and in New Zealand they are down to about six million cattle. In Australia over 12,000 people went broke. So now there is a world shortage of beef.

These are cycles which have been in existence since 1900. But why does Canada have to go through this? Would it not have been better if we had got 60 cents per pound for cattle throughout this time at 110 pounds per capita of consumption, rather than our now having to decrease consumption to perhaps 95 pounds, and so on?

This really is not good business. We have 101 marketing boards in this country which control the production of goods and services, and that sort of thing, and in my opinion, this law will give Canadian producers an opportunity to say, "Well, I can produce 100 pounds of beef per capita in Canada. If I can

do that and expect a reasonable return, it will be good business for me to do it." If we cannot do it on this basis, if we decide not to stop the beef from coming in today, we will further short the market and we shall see the price of beef go completely out of sight. It may go to as much as $5 or $6 per pound, and the producer would then just get out of the business. We have been hurt too many times, it seems to me, for us not to have some control on imports of canned meat, live beef, and all the other types of meat.

Honourable senators, this is a good bill and I believe we should take a close look at it. It provides for quotas, and it supplements the power to control the movement of live cattle.

**Senator Bosa:** Would the honourable senator permit a question? At the beginning of his remarks he mentioned the number of cows and chickens that are required to feed Canadians. Would he be kind enough to elaborate?

**Senator Hays:** I said it took one cow to feed four Canadians and one chicken to provide for one Canadian's egg requirements. We have roughly six million dairy cows and beef cows and a little over 22 million chickens to feed 24 million people. A chicken lays 19 dozen eggs a year, and that is about what a Canadian consumes.

• (1430)

**Senator Molgat:** Would Senator Hays permit another question? During his comments he made a remark about American beef being superior to Canadian beef. I presume that he really meant to say that superiority depends on taste. It is a question of whether a person wants fat beef or non-fat beef, or beef fed on corn or beef fed on grain. Was the honourable senator really stating that American beef is superior beef?

**Senator Hays:** Well, we all have great egos. Everything in Canada is great, but I get around so much that after a while I think I am being carried away a little.

American beef is better than ours, and the reason it is better is that they have a different grading system. After we are through feeding an A-1 animal—that is the highest grade we have—it will have less than half an inch of fat all over the carcass, and the same applies with regard to kidney fat. There does not have to be any fat in the red meat. At the point where we say we are through feeding the animal, the Americans would feed it for another 30 to 40 days. They would put another half inch of fat on it including another half inch of fat in the muscle. All the taste of the meat is in the fat.

On motion of Senator Molgat, debate adjourned.

## HEALTH RESOURCES FUND ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, February 20, the debate on the motion of Senator Frith for the second reading of Bill C-2, to amend the Health Resources Fund Act.

**Hon. John M. Macdonald:** Honourable senators, the sponsor of this bill, an act to amend the Health Resources Fund Act, gave a very lucid explanation of the effect of its one clause. Very properly, he reviewed the original act in order to show just what this amendment means, and since he gave a detailed explanation of the act and the bill, it is not necessary for me to mention their provisions at any length.

As Senator Frith stated, the original act, passed in 1966, provided the sum of $500 million, which was to be expended over a period of 15 years, to assist the provinces in paying for certain health training facilities. The assistance to be given would be up to 50 per cent of the cost of planning or designing any health training facility, and contributions towards the cost of acquiring, constructing or renovating any building to be used as a health training facility. The program was to be in effect from January 1, 1966, to December 31, 1980. Bill C-2 changes the termination date so far as the federal government is concerned from December 31, 1980, to November 4, 1978, about two years and two months earlier than the date set out in the act, which would result in a saving of somewhere between $70 million and $74 million.

Honourable senators, I well realize that on the second reading of a bill one should discuss its principle, only referring to such clauses as are necessary to show how that principle is being applied, and make an orderly and reasonable presentation. On examining Bill C-2, however, it is difficult to determine just what principle is involved. It may be a matter of a modification of the policy which regulates the relationship between the federal government and the provinces, or the federal government may be proclaiming a new policy—that is, a policy of being able to break an arrangement with the provinces if it so wishes and without the consent of these provinces.

**Senator Flynn:** That is not new.

**Senator Macdonald:** I know that this has not been stated as a principle underlying Bill C-2, yet, in my opinion, the bill has that effect. I do not think it can be denied that the Health Resources Fund Act created, or implied the creation of, a joint federal-provincial program. Indeed, it was so understood by the senator who sponsored the legislation in this chamber on June 29, 1966. I quote Senator Lang who said this:

> Briefly, by way of background, I think this bill might be looked at as a joint effort between the federal government and the provinces and in an area which requires immediate attention.

Yet, honourable senators, by Bill C-2 we have the federal government terminating the program without any consultation with, without any reference to, the provinces, and without so much as having the courtesy to give them prior notice. They were simply notified that the program was terminated two years before the date set out in the act. In my opinion, it was a very high-handed action, and an action which was bound to have an adverse effect on federal-provincial co-operation.

It should be remembered that while the federal authority is now terminating an arrangement in this unilateral manner, there was plenty of consultation before the Health Resources Fund Act was passed in 1966. I quote Senator Lang again when he spoke on second reading on June 29, 1966:

> Honourable senators will remember that last July the Prime Minister made a public announcement to the effect that it was the intention of the government to set up a health resources fund. Subsequent thereto an *ad hoc* committee was established of federal and provincial officials to look into the needs and the extent of those needs in this area, and it made certain recommendations. These recommendations were considered at a federal-provincial meeting of health ministers held last September, and out of those deliberations has come the legislation we have before us tonight.

There was plenty of consultation before the program was undertaken, but none when the federal authority wanted to terminate it. Why the federal government did not consult the provinces before taking this action I do not know. The minister, in her speech cn second reading in the House of Commons, said, "The provinces were not informed for obvious reasons." I have not seen anywhere what those so-called "obvious reasons" are. In my opinion, the action of the federal government in terminating this joint effort in this manner is a severe blow to the mutual trust which should exist between these two levels of government.

Honourable senators, there is another principle which perhaps is contained in Bill C-2, and that is the restraint policy of the government. A reason given for this peculiar action is a financial one—to cut down on health service facilities to save money. The minister made a very definite statement about this when she said at a meeting of the Health and Welfare Committee on December 12, 1978:

> —the real reasons are the economic policy and the decision of the government in early August to reduce our global expenditures.

I expect that brings into, or could bring into, the discussion the whole so-called restraint program of the government. That I do not propose to discuss, but I do want to say that I am amazed at the government's terminating a program relating to health services and at the same time increasing expenditures in other less important fields. In my opinion, there appears to be a lack of priorities, or a lack of communication, among various departments of government. I do not know if instructions went out to certain departments and not to others to cut expenditures. Yet, we see health services being cut by something over $70 million and, at the same time, we see another minister prepared to spend $18.5 million to assist in the building of rinks in the cities of Edmonton, Winnipeg, Hamilton and Quebec. More than that we see that same minister prepared to pay one-third of the cost of a new stadium in Vancouver, and this one-third will come to over $28 million.

● (1440)

So here we have an amazing spectacle of one minister, in the name of restraint, reducing the health budget by over $70 million, and another minister giving away at least $47 million for new or improved stadiums to promote sport, both amateur and professional. In my opinion, honourable senators, this shows a deplorable lack of communication between departments of government; it shows a lack of discretion and a deplorably distorted sense of value.

I realize, of course, it can and will be said that the cost of health services is paid for by taxes, and the cost of sport is financed by the profits from the government operated lottery. I do not accept this argument; I do not accept this poor excuse. It is all government money, no matter if it is raised by taxation, by lottery, by an increase in the money supply or any other means. It is all government money, and the government can direct where it will go.

Honourable senators, it may very well be claimed that no principle is involved in Bill C-2. Indeed, the sponsor did not mention any. He dwelt at length on what was accomplished by the provinces under the provisions of the act. And, indeed, the list of what has been accomplished is impressive. To me this is a powerful argument against the bill. If so much good has been accomplished, then in all probability more could be done by using the balance of that sum of $500 million for the purposes for which it was intended.

I realize, of course, that the argument has been made, the excuse has been given, that the program is practically completed in any event, that there are now plenty, indeed, an over-supply, of health training facilities. Personally I am not convinced of this. I would like to know, for example, if all applications to medical schools in the last few years have been accepted. I would like to know if some have been turned away, and have had to go to universities outside of Canada to obtain their medical training. It would be interesting to know if there are any Canadian young people now studying medicine in universities outside of Canada, and if there are any who were refused admission to Canadian universities on the grounds that the facilities were filled. In my own small area I know of two who could not be accepted by medical schools in Canada and who are now studying at the University of Dublin—two bright people.

With respect to this argument that the program has been pretty well completed in any event, I notice that in some provinces the allotment—if that is the proper term to use—has not been wholly used. It was not wholly used in Nova Scotia, Quebec, Manitoba, British Columbia or in the Northwest Territories. I do not know if 85 per cent of its allotment was all that Nova Scotia was prepared to use, or if this was all that the province could afford to use. And, I do not know if the federal government has this information either, because they never asked for it.

It would seem to me that those provinces which have not used the whole of the amounts allotted to them are being discriminated against. It may very well be they were planning for the future, having in mind that the fund would exist for two more years, in which time their plans would be complete. I believe the high-handed, abrupt and unilateral decision of the federal government shows not only discrimination, but a lack of understanding between the federal government and the provinces which is deplorable.

I know that the honourable sponsor of this bill, Senator Frith, went to some pains to show this reduction applied only to health training facilities, not to health measures in general. I can understand his desire to keep the discussion of this bill to that narrow field, yet I cannot believe the ordinary citizen is going to make that fine distinction. I do not believe, for example, that a person crippled by arthritis will appreciate that distinction; nor do I believe that persons whose activities are severely limited by heart or lung difficulties will understand why money is to be saved, and why it is not spent on medical research if it is there to be saved.

No, honourable senators, I do not believe the ordinary Canadian will understand or appreciate why the government is going to follow a restraint policy in health matters and at the same time offer money—lots of money, millions of dollars—to build stadiums in wealthy cities. To my mind it shows a distorted sense of values which is beyond understanding.

Perhaps some person will be bold enough to claim there is no need for further assistance in medical research, that there is no need to transfer any moneys not used under the provisions of the Health Resources Fund Act to other health measures, including medical research. If there are people with such ideas, I hope they will read a statement by Dr. J. Donald Hatcher, the Dean of the Faculty of Medicine at Dalhousie University in Halifax. According to a report carried by the Halifax *Chronicle-Herald* on February 17 last, Dr. Hatcher said in part:

> The federal government's policy towards scientific and medical research is one of restraint, curtailment and neglect . . . I am disturbed and as a Canadian I am embarrassed that medical research is viewed by my federal government in this way.

That is what he said at a dinner in Nova Scotia of the Canadian Cancer Society.

The report also states that Dr. Hatcher was critical of the plans to cut $10 million from the Health Resources Fund; which is the source of federal support for new research and teaching space in hospitals and medical schools. Judging from Dr. Hatcher's remarks, it does not sound as if he is convinced the need of health training facilities has been met.

Honourable senators, I believe the arrangement made with the provincial governments under the Health Resources Fund Act should not terminate, and I deplore the manner in which it is being terminated. I am certainly strongly of the opinion that if it could be shown the need no longer exists, then any unspent or unneeded portion of the $500 million appropriation should be used for other health purposes. Since I wholly disagree with curtailing money for health purposes, and at the same time providing millions of dollars to assist in building stadiums to promote sport of one kind or another, I am unable to support the second reading of Bill C-2.

**Hon. Royce Frith:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, I should like to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.



**Senator Frith:** Honouable senators, I congratulate Senator Macdonald on an excellent speech on this controversial bill. I believe he quite properly put his finger on the issue at the second reading stage, and that is the principle. He is quite right, there is a principle in this bill, and he has developed and given his opinion on that principle and its corollaries.

The principle behind the bill is that it is a part of the restraint program. The government undertook to cut expenditures, and it had to pick the places where it would cut expenditures.

There is no absolute black and white to this particular bill in terms of its being a perfect solution. I suppose the Health Resources Fund was picked as an object of spending restraint because, as Senator Macdonald pointed out, it is a program that was undertaken with the provinces, with consultation in advance, and is a program that is 85.5 per cent complete. It is a program that requires initiatives from the provinces. The provinces have to take the initiative to undertake to build the facilities, and then apply for help from the federal government, I do not believe there is a principle involved in this bill—

**Senator Flynn:** There is never a principle involved in government actions.

• (1450)

**Senator Frith:** —that raises the question of a new policy, to use the words of Senator Macdonald. The federal government has not launched a program of cutting back or changing agreements it has made with the provinces as a matter of policy. The fact is that the restraint program had to include a large number of programs that involved relationships with the provinces and joint undertakings by the provinces because, as we all know, a very large proportion of the federal budget is in fact spent on transfer payments and joint programs with the provinces.

Once the decision was made—and that is the principle I understand my learned colleague and I disagree on—that there was to be restraint, and that there was to be a reduction in spending, it was an absolutely inevitable and relentless corollary that there had to be some cuts in programs that were undertaken with the provinces.

This one was selected because it was 85.5 per cent completed, and because it was possible to give some lead time in respect of applications. After the provinces had been notified of the government's intention to include the fund in its restraint program they were told that allocations would continue for applications made up to the cut-off date, so that there was time to get more applications in. That, in fact, has happened.

It is perfectly understandable that there is a disagreement. If there is a disagreement in principle on the restraint program itself, then, of course, there is a difference of opinion here, and there is bound to be in respect of any program of this kind. If we decide in our home to reduce budgets and to cut down on our spending, someone will find it hurts. The basic principle of

this bill is that this is one area in which there is not a great deal of hurt because of the fact that the program is 85.5 per cent completed. It is not a perfect cut, but a cut within that framework and within that context.

I have no further comments to make. It is clear that we will want to discuss many of these questions in committee. The questions of Senator Macdonald specifically could be properly addressed in committee. I suggest, therefore, that the motion for second reading be agreed to, after which I will move that the bill be referred to the Health, Welfare and Science Committee.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

**Senator Frith** moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

## TRADEMARK BILL, 1979

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, February 13, the debate on the motion of Senator Godfrey for the second reading of Bill S-11, relating to trademarks and unfair competition.

**Hon. Allister Grosart:** Honourable senators, it is not my intention to discuss either the principle or the policy of Bill S-11 at this particular time for reasons that will become obvious, I hope, in a moment or two.

As Senator Godfrey made clear in his excellent introduction of the measure on February 13, this is a very complicated bill. It deals with a subject that has concerned the Government of Canada from the very beginning—the protection of trademarks. The bill before us is, in effect, an updating and, to some extent, an amendment of the existing Trade Marks Act of 1954.

The government, being concerned about certain inadequacies and inconsistencies in the act, referred the matter to the Economic Council of Canada, which took a number of years to investigate the whole question of the protection of intellectual property which, of course, would include copyrights as well as trademarks and industrial designs. The Economic Council reported in 1971, and the government responded with a white paper in 1974.

We now have this bill before us, and it, presumably, takes into account all the reactions over the years to the report of the Economic Council and the white paper. Yet we have been told by Senator Godfrey that there is another examination of the bill going on outside of Parliament. The government has sent a team to conduct seminars across the country, starting in Edmonton on February 20 and concluding in Halifax on March 8. This indicates to me that the government is still not sure it has a good bill. I would agree with the government to that extent. I am not yet sure that this is a good bill. I am quite sure that those who are conducting these seminars will discover, from the reactions of those who attend them, that once again the government seems completely unable to face a situation and come up with an answer that will in any way meet the problems created by that situation.

It seems absurd to me, after this long discussion about the Economic Council report and the white paper, that the government should introduce a bill and then say, "But wait. We may have to amend. We don't know. We still have to take this to the public. We are going to have seminars across the country."

I am not blaming Senator Godfrey for this. I have discussed this matter with him, and I think he is in agreement with the position I am taking this afternoon with respect to not concluding the debate on the bill. I am not for one minute saying he agrees with me in some of the other comments I made about the government's ineptitude in dealing with this situation.

For that reason, honourable senators, I may later on, when we know something about the activities of the government seminar conductors, seek to speak again on this bill notwithstanding rule 28 which, of course, will require leave of the Senate. I may seek that leave when I know what the government intends to put before Parliament in respect to this situation.

There are obvious questions here. Will the seminar conductors provide Parliament with a report? Will they say, "We have introduced this bill. Here are some of the reactions. We think we have been silly again"? Or will they say, "Wait until this goes to committee, and then we will have the officials there and you can question them"?

I would like to know before we decide on this bill in this chamber on second reading whether the government really believes in it. I do not know whether we have a report of that kind. I made some inquiries, but was unable to get an answer. Naturally we want to know whether the government intends to introduce amendments to the bill as it is before us. If that is the case, the government should not wait until the bill is in committee. We must know what the government intends to do about this very important matter of trademark protection in Canada.

We are told that the government is now going to give a greater responsibility to the marketplace in the protection or otherwise, the validity or otherwise, of the effective licensing or otherwise of trademarks. We have heard that story before from this government. All of us recall that we were told by the Prime Minister that the concept of marketplace decisions is gone; that the private sector philosphy and the marketplace philosophy has failed. Now we are told we are going back to that.

● (1500)

However, this is not the only bill in which we find this sudden conversion—the same kind of conversion that occurred on the road to Damascus. I was reminded by the Leader of the Government, while dealing with another bill, that St. Paul himself was converted on the road to Damascus. In that case it

was a last-minute conversion, and perhaps this is what we are faced with here.

Senator Godfrey realistically and quite clearly stated:

> There is no way that this bill can become law during this session of Parliament and there is, therefore, no urgency in considering the bill at the second reading stage.

The sponsor of the bill said that there was no urgency in considering the bill at the second reading stage, and I, therefore, take the liberty of asking leave to adjourn the debate.

On motion of Senator Grosart, debate adjourned.

## AGING

### DESIRABILITY OF ESTABLISHING GOVERNMENT DEPARTMENT—DEBATE CONTINUED

The Senate resumed from Tuesday, February 13, the debate on the inquiry of Senator Croll calling the attention of the Senate to the desirability of establishing a department of the Government of Canada to deal with all matters relating to aging.

[*Translation*]

**Hon. Jean-Paul Deschatelets:** Honourable senators, I do not know if you will be pleased but I intend to speak very briefly about the inquiry made by Senator Croll on January 30 last in which he suggested the establishment of a federal department to centralize all complex problems concerning old people. Senator Marshall also thoroughly discussed that proposal and I think that he has at least supported its principle. Today I will merely discuss two points which I feel are important.

First I want to refer to the general attitude of the Senate in recent years concerning the underprivileged citizens of our community. Since Bill C-60, which deals among other things with the Senate, its membership and its proceedings, was presented last year, our institution has made the headlines on several occasions. Traditionally our friends the newspapermen have always looked upon the Upper Chamber as being a group of experts, politicians, financiers or businessmen much more concerned with important constitutional or financial matters than with the problems of the underprivileged. It is obviously a serious mistake. Senator Croll's proposal now provides us with the opportunity to set the facts in their true light and in doing so to pay a well deserved tribute to our colleague who during the past years has been the promoter of the Senate special committee on the problem of retirement which we now have under consideration.

Indeed all along his career he has never failed to defend the interests of the workers and the underprivileged in our community. He has set up various special committees such as the committees on aging, poverty, the guaranteed minimum income and consumer protection. These studies gave rise to some proposals, several of which are now incorporated in our social security legislation. I think it was only fair to mention those facts to say out loud that the underprivileged of the working classes have always found constant support here in the Senate in recent years.



The second point I want to deal with is the following. Members of the Special Committee on Retirement Age Policies are now hard at work. Whatever the possibilities of a general election, we intend to continue those studies to the end. Because of that, of course, I do not want to comment on the suggestion of Senator Croll that we have a special department devoted only to the problems of the underprivileged. I would like to add that according to the studies carried out to date and after hearing the many witnesses who appeared before us, the problems of the aged turned out to be very complex, very broad problems relating mainly to two aspects: the psychological aspect, and the economic aspect. Without going into details, I just want to say that that might be the most important finding we made. When some ten to twelve years ago we passed the Canada Pension Plan Act I remember quite well it was being said at the time that the Canada Pension Plan as well as the Quebec Pension Plan would become a supplement to pension plans in effect today in the private sector.

The most important thing we found was that 61 per cent of all Canadian workers—men, women, white collar workers, blue collar workers—are not covered today by any private pension plan. That I think is the most important finding, and it raises the following problem. Nowadays people must retire at 65 in the public and private sectors. They have not always contributed long enough to the Canada Pension Plan to receive any benefits. This means that while there are about 1.4 million people over 65 in Canada, according to the present figures, about three quarters of them live near the poverty line because they do not draw old age pension benefits. Very few of them receive Canada Pension Plan benefits.

Another factor which probably prompted Senator Croll to examine the problems of retirement is the fact that the American Congress passed legislation last January 1 which provides that people in the public sector are no longer forced to retire at a certain age, and that compulsory retirement age in the private sector will increase from 65 to 70. This has created the present situation.

However, I do not want to go any further as concerns the problems we are studying as I cannot say today whether the recommendation of Senator Croll is the ideal solution. But I do know one thing, and that is that we have enough information today to be able to say that some action should be taken as soon as possible by the federal government, even though, on the whole, these problems come under provincial jurisdiction. I believe that the federal Department of Social Welfare and the provinces should discuss this matter as soon as possible. That is all I have to say on this point for the moment.

However, I want to tell you that in my opinion the special committee is doing an excellent job. We have been sitting since last year and we want to study this problem in depth. As for all other investigations made by the Senate in nearly every area, we want to submit a report which will meet the expectations of those who have placed their confidence in our ability.

I would like to close by saying that many social changes have occurred in the last few years. Those of our generation

have never heard so much talk about the problems of the quality of life, the importance of the environment and the freedom of choice of individual citizens for all the decisions that must be made. I believe we are about to create a new type of society where moral and human values will be more important than material values, as was the case in the earlier days of our generation.

In any event, I believe that in his intervention, Senator Croll has been very consistent with the incessant efforts he has made throughout his career, whether as a member of Parliament, as a minister in Ontario or as a senator, and under his leadership, when our work is over, we want to be able to submit comprehensive solutions to very serious problems which concern the most disadvantaged members of our society.

Once again, I urge you never to let anyone tell you that the Senate was not in the forefront to study these problems. We have never cut ourselves from the working classes and I believe we have given ample proof of this. I would like once again to take this opportunity to pay homage to Senator Croll who has been one of the promoters of all types of social measures in the Senate.

• (1510)

[*English*]

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, March 1, 1979**

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

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1979-48, dated January 18, 1979, approving same.

Report of the Minister of Supply and Services relating to gold coins for the period ended December 31, 1978, pursuant to section 4.1(2) of the Currency and Exchange Act, as amended by Chapter 35, Statutes of Canada, 1977-78.

Copies of amendments to the Immigration Regulations, 1978, pursuant to section 115(3) of the Immigration Act, 1976, Chapter 52, Statutes of Canada, 1976-77.

Report on operations under the Regional Development Incentives Act for the month of December 1978, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1978, pursuant to section 7 of the Fisheries Prices Support Act, Chapter F-23, R.S.C., 1970.

Report of the Canada Labour Relations Board for the fiscal year ended March 31, 1978, pursuant to section 210(2) of the Canada Labour Code, Chapter 18, Statutes of Canada, 1972.

Report of the Department of Communications for the fiscal year ended March 31, 1978, pursuant to section 6 of the Department of Communications Act, Chapter C-24, R.S.C., 1970.

## TRANSPORT

### VIA RAIL—QUESTION OF PRIVILEGE

**Senator Fournier (Madawaska-Restigouche):** Honourable senators, I rise on a question of privilege.

[*Translation*]

Honourable senators, I do not know whether the question I am about to raise is one of privilege or one which should be heard on the Orders of the Day. However difficult it may be, I will try to explain myself.

I want to refer to rail transport.

[*English*]

It is said that for one to recover successfully from a stroke one must control one's temper and avoid becoming too emotional. Well, I don't anticipate getting too emotional but I sometimes find it very difficult to control my temper when it comes to the question of rail transportation, especially VIA Rail.

It appears that since the inception of VIA Rail, travel by train has become almost intolerable. It was my hope that VIA Rail would improve rail passenger service, but the mistakes tolerated for many years are being repeated daily.

At this point I want to describe what happened to me last Monday on my trip here from my home in New Brunswick. I left home at 9 o'clock in the morning, scheduled to arrive in Ottawa at midnight. I do that every week, with some difficulty.

Last Monday there was a derailment about 50 miles east of Quebec City, and our train just sat there for an hour and a half before the conductor finally got the order to go back 103 miles and change lines. The delay resulted from a misunderstanding between Edmunston and Quebec City. Nobody seems to be the boss. Nobody could give the order. Finally, we rode back 103 miles, which took two and a half hours. We then changed lines and got onto the regular main line. We were held up for 35 minutes at L'Islet—I do not know why—but we were told that the Montreal train would wait for us in Quebec City.

Finally they told us that the train to Montreal had left, that we were too late. The conductor told us that when we arrived in Quebec City we should call at the ticket office and they would provide us with sleeping quarters and supper. Altogether we were 27 passengers, 17 of whom were going to Montreal. On this particular train there is no dining car. They serve only hot dogs and hamburgers. The passengers have to eat what is prepared in Toronto the week before.

**Some Hon. Senators:** Oh, oh.

**Senator Fournier (Madawaska-Restigouche):** That is a fact. That is nothing new. However, we were happy with that. At least it was something to eat—bones, or something like that.

**Senator Buckwold:** That must have been hard to swallow.

**Senator Fournier (Madawaska-Restigouche):** Honourable senators have not heard the end of this story yet.

When we arrived in Quebec City, we were supposed to go to the ticket office and they would look after us. When we got off the train a man said, "Hurry up, all passengers for Montreal have to go to the CPR station. You have only 10 minutes." He told us that there were taxis to take us. The distance from

Ste-Foy to Ancienne Lorette is, I think, about five miles, and we had 10 minutes in which to cover that distance.

We got into the taxis, which I would say flew too low on the way. There were six or seven taxis, and I was in the one that made the train by two minutes. The last one missed it. I do not know what happened to those three or four passengers. VIA-CP—it is now VIA-CN—would not wait the four or five minutes for those other passengers.

The group of us who arrived in time boarded the train. There was no conductor, and I was afraid to walk far on the train because I was not too sure of my balance. I then went to the door and beckoned a trainman, who came. He was a smart looking young fellow. I said to him, "We are 15 or 17 passengers and we have not had anything to eat since 8 o'clock this morning. Is there anything to eat on the train"? He replied, "No, there is no food on the train." I then said, "What are we going to do? We still have another three or four hours to go." He was very sympathetic and very polite. Another trainman came along, and he could see that I was somewhat put out about the service. I said, "Look, mister, there are 15 passengers here who have had no food." He said, "What do you expect me to do—cry over it?"

I will not tell honourable senators what I told him, because I do not think it would escape the censure of the Senate. However, that is the sort of treatment one gets from VIA. Passengers may not get that treatment every day; they do most of the time. It really burned me when he said, "What do you expect me to do—cry over it?" I cannot accept that at all.

The young man was very pleasant. Finally he took our orders, with the result that when we arrived at Trois-Rivières two hours later lunch boxes were available, and at least we were able to eat. I was very thankful for that.

But this is only one example. That same train took about 35 minutes to travel three miles. We stopped, I think, six times, and I have no idea why. This was within five or six miles of Montreal.

**Senator Walker:** Were there toilet facilities?

**Senator Fournier (Madawaska-Restigouche):** Yes, but since we had eaten no food we did not need them.

It is true, honourable senators, that the new management has painted the trains, repaired some of the old cars and made other changes. However, the travelling public does not care whether the trains are painted red, blue or yellow; they simply want reasonable comfort together with a little courtesy. Safety is also a major factor, but adherence to the timetable is the essence of success. The travelling public accepts the fact that nothing is perfect; it is prepared to accept the fact that sometimes things can go wrong, but certainly this should not happen every day.

In the last 15 years there was no shortage of passengers; people were travelling more than ever before. All you had to do was go to an airport or a bus station and you found that the old and the young, students and retired citizens—in fact, everybody—were travelling. But even during that time railroad passenger service deteriorated to the point of bankruptcy of the companies. There are several reasons for this. Management lost contact with, and respect for, the client, the passenger. It took the attitude that consultation with the passenger was unnecessary. Their attitude is one of, "You get aboard and we will tell you when we leave, and when you reach your destination we will tell you that it is time to get off. You can take it or leave it." As a result, thousands of travellers left the railroads.

Then, honourable senators, if you do travel by train, you have to sit tight. Even if you are stalled for one or two hours, you must not ask any questions because it seems that you are not supposed to know anything. You are only a passenger! I could give many other examples. Eventually your train may leave, one or perhaps two hours late. Once again you are not told the reason and you must not ask any questions because, as I said, you are only a passenger. You are not supposed to say anything.

Then you arrive—as happened to me recently—in Ottawa to find yourself in a station which is two miles from the city centre. The train arrived at midnight, an hour late. There were approximately 100 passengers and the available transportation consisted of only three taxis.

VIA had left us stranded in the middle of the night with no transportation.

I have tried to find out, honourable senators, what VIA stands for, but nobody seems to know. I have asked perhaps 100 people—in Montreal, on the trains, at different stations—what VIA stands for and nobody has been able to tell me. I am of the opinion that VIA will be short-lived—I would say that it was doomed before birth—unless the company's attitude and policy is changed.

We have to bear in mind—and this is very important—that the chairman of VIA and his associates are the very people who were responsible for the failure of passenger train service in Canada. Now they are responsible for the destinies of VIA, and all I can do is wish them luck. I am of the opinion that many things are taking place under this new management that it is not aware of, and it is these things that are destroying the structure of management. I have many facts to justify what I am saying.

VIA, naturally, is facing a lot of problems. In the first place, it owns only the equipment. It has no roadbed, no track and no stations. Then there is rivalry between what I will call VIA-CP and VIA-CN. These two bodies do not work together. We had an example of that last Monday, when the VIA-CP train would not wait for the passengers of the VIA-CN train. I know from talking to people on the train that there are serious rivalries, because the CP people do not accept the management of the CN, although they are now in the same company.

VIA has trouble with unions, and big problems with the Railway Transport Committee. The employees have lost faith in the management, and train personnel are not interested in their work any more, although most of them mean well. This is due to a lack of communication with management, and the

fact that they are left in the dark with many questions unanswered about the future.

I said that VIA does not have any roadbed. This is true. In the meantime, however, the people that own the roadbeds are the CN or the CP, and the passenger service has to yield priority to the freight service. There are places where passenger trains have to wait for hours sometimes to let a freight train go through, yet I have no doubt that this organization will spend hundreds of millions of dollars of public money before it collapses.

Let me say a word before I close about the management structure of VIA. VIA is a new company. The chairman is Mr. Roberts, and in addition there are six vice-presidents across Canada. I do not dispute the salaries of the vice-chairmen. What I am concerned about is the expenses that arise from those appointments, because when you have a vice-chairman you have to have an assistant vice-chairman, secretaries, and a whole staff that goes with him. That costs money. The first vice-president is Mr. Shute, in charge of operations. Then there is Mr. Campbell, who is in charge of marketing; Mr. Raftus is the vice-president in Moncton; Mr. Moisan is in Montreal; Mr. Campbell is in Toronto; and Mr. Murray is in Winnipeg. One wonders sometimes what a company does with six vice-presidents. Certainly, they have lots of time, and they are making tremendous efforts to reduce the passenger service as much as possible.

• (1420)

I don't intend at this point to ask a question of the Leader of the Government. It took some three months before I received an answer to the last question I asked. It is frustrating, given the manpower and money expended on VIA Rail, to see it going from bad to worse. I am only pleased that most senators don't have to patronize VIA Rail.

**Senator Smith (Colchester):** Honourable senators, I do not intend to detain the Senate very long on this point. I merely want to make it clear that the honourable senator's experience of Monday last is not an isolated one. I have received more than one complaint from people who have had the occasion to travel from Nova Scotia to Montreal and Toronto on VIA Rail. On one occasion, they ran out of food. On another occasion, the train was very, very late. Passengers, instead of arriving at Toronto some time in the afternoon, arrived in time for a late breakfast the next morning. There is a multitude of similar complaints.

I use the train quite often for short journeys. As perhaps some senators will know, I live on the main CNR line at Truro, and consequently it is convenient for me to travel by train. The main trains from Nova Scotia to Montreal are frequently late. Not so long ago I had occasion to catch a train out of Halifax on two successive days. If memory serves me rightly, it was the *Scotian* on both occasions, and on both occasions the trains were kept standing in the station at Halifax for a considerable period beyond the scheduled time of departure. On the second occasion I was able to elicit, with great difficulty, the alleged reason for the delay, that being that the locomotive was not ready and consequently could not be hooked on to the train any sooner than it in fact was. Incidentally, the weather was very cold and there was no heat in the trains during this waiting period.

When I am home on a workday, I walk across the main line at Truro about the time that the noon trains coming from Montreal and Halifax pass, and day after day they are late. Day after day I hear complaints of the kind we have already heard.

I should like to say that it has been my experience that the train crews themselves are anxious to do what is right. They are frustrated because they are not given the opportunity or the equipment to do what they know they would like to do and what should be done. While I have some rather hard words for various levels of management, I should like it to be known that in my opinion at least the actual train crews are not the people who are to blame. Indeed, I think they are doing the best they can with the facilities and assistance they have.

I therefore feel it should be emphasized that this shocking experience of Senator Fournier's is not an isolated event. If the VIA people wish to gain passengers from other means of transportation, as I hope will be the case, they will certainly have to do a great deal of improving to the facilities and the conveniences which they make it possible for their train crews to supply to passengers.

**Senator Buckwold:** Honourable senators, I must admit that I have been a little discouraged by the length of time taken to talk about this problem. I do not intend to denigrate the importance to the individual of the inconvenience that has been caused. All of us could tell horrendous stories about transportation, whether by railroad, by air or by some other means. Things do happen.

The point I should like to make is that we have just had representations from the Chairman of the Standing Senate Committee on Transport and Communications, and it would seem appropriate to have that honourable gentleman and his committee take a look at the particular problems that have been raised concerning transportation. There might be a more positive reaction to that than to the mere expression of his opinion to this body today.

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

**Senator Smith (Colchester):** Honourable senators, because I have been particularly referred to, perhaps I might be permitted to comment. If the Senate were kind enough to adopt the usual motion—and I would not mind moving it—I am sure it would be a great pleasure to do just that.

So far, not having the power to act independently of the Senate, I have confined myself to correspondence with the chairman of VIA. I should certainly be delighted, with the support of the Senate and the committee, to conduct some sort of inquiry or investigation into the matter.

**Senator Argue:** Honourable senators, with great deference to Senator Smith, I would just remind him, and other senators, that it is the prerogative of a senator to bring forth that kind of motion for discussion and for a decision by the Senate. I would suggest to Senator Smith that he put the motion.

**Senator Flynn:** Why not do it yourself?

**Senator Argue:** I am not the chairman of the committee.

**Senator Flynn:** That does not matter.

**Senator Argue:** I realize that, but, personally, I would be much happier to see the chairman of the committee, after consultation with the members of that committee, put that kind of motion to the Senate and take that kind of initiative. Certainly, somebody else could do it, but it would seem to me more appropiate for the chairman to do so.

**Senator Smith (Colchester):** I have no objection to doing it but, judging by what has happened to suggestions I have put forward to this house on other occasions, I think it would be much more likely to bear fruit if someone else put the motion forward.

**Senator Argue:** Just try it. This one will work.

**Senator Smith (Colchester):** Having now been assured of the support of some rather able and influential senators, I feel much more inclined to risk—

**An Hon. Senator:** You can't go too far off track.

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

**Senator Smith (Colchester):** —the chance of success in bringing forward such a motion.

• (1430)

I wish I could have heard the interventions from the other side. I think they may have been worth replying to, but I did not hear them.

**Senator Perrault:** Right off the track.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, March 5, 1979, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give you a brief outline of the work schedule for next week.

When we return next Monday evening, Senator Hayden will move second reading of Bill S-14, respecting bankruptcy and insolvency, and we will continue with the other items on the order paper.

The committee schedule for next week is quite heavy. On Tuesday the Special Senate Committee on the Northern Pipeline will meet at 10 a.m. on Bill S-12, to amend the National Energy Board Act; and at 10.30 a.m. the Special Committee of the Senate on the Constitution will hold an *in camera* meeting. The Special Committee on Retirement Age Policies will meet at 2 p.m.; the Banking, Trade and Commerce Committee will meet at 2.30 p.m. on the subject matter of Bill C-15, the Banks and Banking Law Revision Act; and the Legal and Constitutional Affairs Subcommittee on Off-Track Betting will also meet at 2.30 p.m. The Health, Welfare and Science Committee will meet at 4 p.m. on Bill C-2, to amend the Health Resources Fund Act. The witness at that meeting will be the Minister of National Health and Welfare.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. and 2.30 p.m.; and the National Finance Committee will meet at 3.30 p.m. The Agriculture Committee and the Special Committee on the Northern Pipeline will both meet when the Senate rises.

On Thursday there are three committees scheduled to meet at 9.30 a.m.—the Banking, Trade and Commerce Committee, the National Finance Committee, and the Special Committee on the Northern Pipeline. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

**Senator Flynn:** I can see no reason, from what the deputy leader has said, that justifies sitting on Monday rather than on Tuesday as is the normal practice in this place. I think that the Senate deserves an explanation unless, in the view of the deputy leader, we are not entitled to an explanation and we should just have the same total faith on this side of the house as exists on the other.

**Senator Langlois:** Honourable senators, I thought the Honourable Leader of the Opposition would be impressed by the lengthy list of committee work for next week.

**Senator Flynn:** Not at all.

**Senator Langlois:** That is ample justification for coming back on Monday.

**Senator Flynn:** Not at all.

**Senator Langlois:** Under our rules, Monday is a normal sitting day.

**Senator Flynn:** Go on; say something enlightening.

**Senator Langlois:** I have said quite a bit. If you would care to listen, perhaps you would understand something.

**Senator Flynn:** I heard.

**Senator Perrault:** Listen with comprehension.

**Senator Langlois:** I have also announced that one bill is likely to come to us from the other place on Monday. There is also a possibility of a second one coming to us next week.

**Senator Flynn:** Even at that, it will not come on Monday night. It will have to receive first reading on Monday, but we could not proceed with it on Monday night.

**Senator Perrault:** With your co-operation.

**Senator Langlois:** With leave, we could.

**Senator Flynn:** There is no reason why.

**Senator Langlois:** Just because you don't want to co-operate we should rather not sit, according to you.

**Senator Flynn:** Not at all. The deputy leader is not frank with the Senate. He has given no reason to justify departing from the normal practice of sitting on Tuesday evening. He

has not said anything to justify the change contained in the motion presented today.

**Senator Langlois:** I could object to the honourable senator's saying that I was not being frank with the Senate, but since it comes from that source I am not at all affected by such a statement.

**Senator Flynn:** I know that.

**Senator Langlois:** I am sure that every honourable senator in this place will understand that it is about time one here puts the interests of the Senate before one's own leisure.

**Senator Flynn:** Oh, no. The honourable senator says he is not affected by the source, which indicated he was not frank with the Senate. I can understand that, because you are not being frank with the Senate. You are not giving us any valid reason for departing from the usual practice of sitting on Tuesday. I don't know if you have spoken to your colleagues on your side and told them secrets to justify this change of practice, but you certainly have not said anything in the Senate that would justify it. In any case, the record will speak for itself. We are fed up with the secret explanations and manoeuvres that have taken place so many times.

**Senator Perrault:** I know that all honourable senators will be surprised and rather distressed at the attitude of the Leader of the Opposition, who is usually unfailingly courteous and co-operative.

**Senator Flynn:** I have not changed.

**Senator Perrault:** The events of the next few hours may provide the rationale for the proposal to meet on Monday night.

**Senator Flynn:** Again?

**Senator Perrault:** I am not inferring the possibility of some event that may involve the electorate. There is a bill before the other place; I understand there has been some discussion there that may lead to an all-party agreement. Should the bill come to this place, it is a measure that I hope will result in the same degree of amity and co-operation that appears to exist in the other chamber.

**Senator Flynn:** I shall be able to determine that better on Monday night.

**Senator Olson:** I do not wish to add to our workload, but I hope it was an oversight that the deputy leader did not mention that the Special Committee of the Senate on the Northern Pipeline has scheduled a meeting for 9.30 a.m. on Tuesday, March 6.

**Senator Flynn:** That does not make any difference.

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

**Senator Flynn:** On division.

**Senator Perrault:** How many divisions do you have?

**Senator Flynn:** Not many, like the Pope.

Motion agreed to, on division.

[Senator Flynn.]

## FOREIGN AFFAIRS

### CANADIAN POLICY RESPECTING HOSTILITIES BETWEEN CHINA AND VIETNAM—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have the reply to a question asked by the Honourable Senator Bosa concerning Canadian policy respecting hostilities between China and Vietnam.

On February 18 a formal démarche was made in Peking, on instructions from Ottawa, in which the Chinese authorities and the Vietnamese authorities, through the Vietnamese Embassy in Peking, were notified of the Canadian government's deep concern over the increased resort to armed force in Indo-China, first with the Vietnamese invasion of Cambodia and more recently by the Chinese incursion into Vietnam. The presentations made at that time called for an urgent cessation of hostilities, a withdrawal of foreign troops from all territories outside national borders, and expressed Canada's hope that consideration would be given to a political approach to the settlement of the problems concerned.

A comparable presentation, which asked all those with influence to join Canada in urging the exercise of restraint by all those engaged in hostilities, was also made to the Soviet government by the Canadian ambassador in Moscow.

● (1440)

On February 23, Canada joined with Australia and New Zealand in supporting a request for an urgent meeting of the United Nations Security Council to consider the situation in South East Asia. On the following day, our ambassador at the United Nations delivered a statement before the Security Council outlining in detail Canada's concern over recent developments in Asia, urging the Security Council to take appropriate action and asking that all parties take advantage of the United Nations Secretary General's offer to assist.

Canada will continue to hold consultations with other countries concerned with a view to exploring on an urgent basis all possible means available to restore peace and security in South East Asia.

## LOTO CANADA

### GRANTS TO MUNICIPALITIES—PROVINCIAL AGREEMENT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, yesterday Senator Roblin asked a supplementary question in connection with the National Hockey League and the plan to upgrade the Winnipeg Arena. He asked if the offer the federal government made in respect of that matter was without consultation with the National Hockey League.

In response to that question I would like to say that it is certainly no secret that the question of the World Hockey Association clubs joining in the National Hockey League has been discussed by both leagues on and off for a considerable length of time. It is also no secret that the National Hockey League will not accept an application from a club which does not have an arena capable of seating 14,000 people.

Certain owners from both leagues are interested in some form of merger and it is a subject of continuing interest. The Minister of Fitness and Amateur Sport has been forthright in championing the cause of Edmonton, Winnipeg and Quebec City with the National Hockey League. In effect, by offering to help the proposed Winnipeg Arena expansion, the federal government and the city are allowing the Winnipeg Jets to assure the National Hockey League governors, in the words of the minister: "Grant us a franchise and we will have a 15,000-capacity arena."

In connection with the federal government's offer of aid under certain circumstances for the expansion of arenas in these three Canadian cities, I should like to repeat again that an arena of this size is beneficial to amateur groups for attracting national and international functions, which would give an opportunity to have top calibre athletes compete in an activity. An adequate arena generates growth of a sport in any area.

All levels of government benefit from taxation related to arenas and their events.

Arenas with seating capacity for 15,000 are able to attract national, international, political and social events. These facilities require a professional franchise in order to support their maintenance and capital costs.

Canadian teams are presently outnumbered substantially in the National Hockey League with only three out of 17 teams based in Canada. Hockey is a Canadian game and, in the view of the minister, three additional teams would give a better balance, especially if there is a Canadian division.

More Canadians would have the opportunity to view live Canadian professional hockey, and this would provide an identifiable opportunity to other regions of the country and would have a positive economic effect on the regions in which the teams are located by creating new jobs, both in the construction and ongoing operations.

I should like to suggest to honourable senators that they might wish to acquire a copy of a departmental publication entitled "Canada's Hosting Policy: Sport Event Guidelines." That publication outlines the comprehensive assistance available, not just to three cities to build arena capacity to permit entry into the National Hockey League, and for other purposes, but to centres all across Canada where certain criteria can be met. Part Two of this document is particularly significant. Part Two states:

> The following factors will be considered when applications to receive federal support for major amateur sport events are assessed. Collectively, they will govern the level of federal assistance recommended for each event.
>
> 1. Benefit of the event in terms of the sport(s) in Canada and of Canadians in general
>
> What benefit will the featured sport(s) derive from hosting this event? This assessment will include the perceived benefit accruing to athletes, coaches and officials in each sport concerned, as well as the more general benefit gained by the Canadian public.
>
> 2. Net Operating Costs
>
> Included in this assessment will be estimates of such revenues as gate receipts, sales of television rights, private sector sponsorship, entry fees, etc . . . , against projected operating costs.
>
> 3. New Facility Construction
>
> If a request for federal support of a major amateur sport event includes a requirement to construct new facilities—

**Senator Flynn:** Did you say "amateur"?

**Senator Perrault:** This is the amateur side of the program, Senator Flynn. It continues:

> —this portion of the submission will be carefully examined to determine the need for the proposed facility. If the requirement is considered valid in terms of the event itself, a further assessment will be made of such factors as:
>
> —benefit to the local or broader community in terms of post-event utilization;
>
> —employment opportunities provided during the construction phase;
>
> —ongoing operation and maintenance costs.

There are a number of other criteria, and I do not intend to burden honourable senators with the complete list. The fourth factor reads as follows:

> 4. Involvement by Other Levels of Government
>
> Under normal circumstances, the federal government will continue to encourage a one-third cost-sharing agreement among federal, provincial and municipal governments in respect of the total net capital and operating costs. Therefore, the degree of interest expressed by other levels of government in a particular event will affect the amount of support contributed by the federal government.

Honourable senators, I have given some of the guidelines for assistance to amateur sport to indicate that the federal government is prepared to consider applications for assistance in various parts of the country. The National Hockey League arena offer reflects only one facet of a very comprehensive and excellent program developed by the Honourable Iona Campagnolo.

## DEPARTMENT OF VETERANS AFFAIRS

### PROPOSED MOVE OF CANADIAN PENSION COMMISSION—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, Senator Marshall and Senator Forsey asked a question relating to the planned relocation of the portfolio headquarters, including the move of the Canadian Pension Commission to Prince Edward Island.

In reply to that, I can say that I have received a communication signed by the Honourable Daniel J. MacDonald, which reads, in part, as follows:

I recently received a letter from Mr. E. C. Coley, Dominion President of the Royal Canadian Legion, expressing essentially the same concerns voiced by Senator Marshall in the aforementioned question.

Your own comment that several honourable senators had received similar representations leads me to the conclusion that Senator Marshall and his colleagues would be best informed by receiving a copy of my reply to Mr. Coley in its entirety. Accordingly this copy is attached herewith.

I trust this will be satisfactory.

There is a two-page letter attached addressed to Mr. Coley. I can read it now or have it included in today's record, whatever honourable senators wish.

**Senator Flynn:** Include it in today's record.

**Senator Perrault:** All right. The minister's letter to me is in both official languages.

**Senator Smith (Colchester):** Before we decide what to do with that letter, could the leader tell me whether it is the letter in which the Minister of Veterans Affairs states that he is doing his best to make sure that the disturbance to veterans is minimal?

**Senator Perrault:** Honourable senators, I cannot say that, because in the course of his duties the minister sends out letters of all types and descriptions on a wide range of matters. In paragraph (2) of the letter, he does state:

—under no circumstances would I provide continuing support to the move unless I was sure that it would involve only a minimal disruption of service to our veteran clients.

He goes on to talk in terms of effectuating a smooth transition, and so forth.

**Senator Smith (Colchester):** I can say to the leader that that identifies the letter satisfactorily for me.

**Senator Forsey:** As a supplementary, may I ask whether there is some expectation of our getting, within a reasonable time, answers to the other questions asked by Senator Marshall?

The Leader of the Government was kind enough to send me a copy of the letter from the Minister of Veterans Affairs. I noted that it dealt with one particular question out of a large number which Senator Marshall asked relating to these matters. It dealt with Question No. 66 in our *Minutes of the Proceedings*, but it does not deal at all with Questions 61 to 65 or 67 and 68. I wonder whether some response will be forthcoming to those, because they seem to be very much germane to the general issue which, certainly, the Dominion President of the Royal Canadian Legion raised in his letter to me, and I presume in his letter also to Senator Marshall and various other members of the house.

**Senator Perrault:** Presumably you are making reference to the written questions on the order paper.

**Senator Forsey:** Yes.

[Senator Perrault.]

**Senator Perrault:** I shall certainly urge the minister to provide replies as quickly as possible. However, there are a number of assurances given with respect to the proposed move in the letter to which I make reference today.

**Senator Forsey:** I must point out to the leader that they are very general assurances and the questions are very specific, indeed. There is only one specific question which is specifically answered. There may be good reason for that, but I hope the answers to the other questions will be forthcoming before the not very far off, not very divine event to which I referred yesterday.

• (1450)

## GOVERNMENT ANNUITIES

### INCREASE IN INTEREST RATE—QUESTION ANSWERED

**Senator Perrault:** Senator Buckwold asked a question regarding the increased interest rate on government annuities.

I have been advised that the 1975 increase in the rate of return on Canadian government annuities applied to annuities in payment as well as to those which had not yet matured. A further increase in the rate of interest on government annuities could hardly be justified on the basis of 1978 yields on long-term government bonds, since in fact those yields were lower than those prevailing in 1975 when the annuities rates were increased. The increase in short-term interest rates over the last few months is due to special circumstances which are not expected to continue. Interest rates are reviewed periodically. Although the government would be prepared to consider increasing the rate of return on government annuities if the situation warranted it, no such step is contemplated in the near future.

## ENERGY

### OIL AND GAS EXPLORATION PERMITS FOR THE ATLANTIC REGION—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 35—**By Senator Marshall:**

1. What oil companies were given permits for the exploration of oil and gas in the Atlantic Region?

2. What are the zones covered by these permits?

*Reply by the Minister of Energy, Mines and Resources:*

1. Acroll Oil and Gas Ltd.
AGIP Canada Ltd.
Altana Exploration Company
Amerada Minerals Corporation of Canada Ltd.
American Eagle Petroleum Ltd.
American Natural Gas Production Company
Amoco Canada Peroleum Company Ltd.
Anco Exploration Ltd.
Andex Oil Co. Ltd.
Aquitaine Company of Canada Ltd.
Asamera Oil Corporation Ltd.

Ashland Oil Canada Limited
Ballinderry Exploration Ltd.
Baramy Investments Ltd.
Belfoi, Ronald, Garry
Bow Valley Industries Ltd.
BP Exploration Canada Limited
BP Oil and Gas Ltd.
BP Oil Limited
Bridger Petroleum Corporation Ltd.
Buttes Resources Canada Ltd.
Campbell, Alan R.
Canada-Cities Service, Ltd.
Canada Geothermal Oil Ltd.
Canada Northwest Land Limited
Canada Oil Lands Ltd.
Canada Permanent Trust Company
Canada Trust Company (The)
Canadian Bonanza Petroleum Ltd.
Canadian Export Gas & Oil Ltd.
Canadian Homestead Oils Limited
Canadian Homestead Resources Ltd.
Canadian Minerals & Resources Ltd.
Canadian Reserve Oil and Gas Ltd.
Canadian Superior Oil Ltd.
Candex Development Limited
Castle Oil & Gas Limited
Chevron Canada Limited
CNG Development Company Ltd.
Colonial Oil & Gas Limited
Columbia Gas Development of Canada Ltd.
Columbian Northland Exploration Ltd.
Colt Exploration Ltd.
Consolidated Developments Limited
Corexcal, Inc.
Coyne, John McCreary
Crain, Brian A.
Darling Hydrocarbons Limited
Dome Petroleum Limited
Elf Oil Exploration and Production (Canada) Ltd.
Esso Resources Canada Limited
Fairholme Development Limited
Fielding, A.M.
Francana Oil & Gas Ltd.
General Crude Oil Company, Alberta, Ltd.
Global Marine Arctic Ltd.
Goss, Robert F.
Great Plains Oil & Gas Ltd.
Gulf Canada Limited
High Country Minerals Ltd.
Home Oil Company Limited
J.M. Huber Corporation
Hudson's Bay Oil and Gas Company Limited
Husky Oil Ltd.
Husky Oil Operations Ltd.
Imperial Oil Limited
Inter-Rock Oil Co. Canada Limited
Laurence Oil Co. Ltd.
Lemieux, Jean François
Lochaber Oil Corporation Ltd.
Lochiel Exploration Ltd.
Marwood Petroleum Ltd.
McLean, A. Stuart
Michigan Wisconsin Pipe Line Company
Mill City Petroleum Limited
Mobil Oil Canada, Ltd.
Montreal Trust Company
Murphy Oil Company Ltd.
Norcen Energy Resources Limited
North American Energy Ltd.
Northern Oil Explorers Ltd.
Oakwood Petroleums Ltd.
Offshore Exploration Oil Company
Oil Ventures International Inc.
OSEC Petroleum Canada Limited
Pacific Lighting Exploration Company
Pacific Petroleums, Ltd.
Paddon Hughes Development Co. Ltd. (The)
Pan American Petroleum Corporation
Pan Northern Petroleum Ltd.
Pan Ocean Oil (Canada) Ltd.
PanCanadian Petroleum Limited
Parish, William H.
Patrick Petroleum Inc.
Penant-Puma Oils Ltd.
Petrol Oil & Gas Company, Limited (The)
Petrorep (Canada) Ltd.
Phillips Petroleum Canada Ltd.
Provident Resources Ltd.
Prudhoe Bay Oils Ltd.
Ram Petroleums Limited
Ranger Oil (Canada) Limited
Royal Trust Company (The)
Scurry-Rainbow Oil Limited
Shell Canada Limited

Shell Canada Resources Limited
Shell Explorer Limited
Shenandoah Oil Corporation
Shenandoah Oil North America Ltd.
Siebens Oil & Gas Ltd.
Simon, Milton S.
Société Québécoise d'Initiatives Pétrolières
Solar Energy Resources Ltd.
Smith, Douglas F.
Standard Oil Company of British Columbia Limited
Star Oil & Gas Ltd.
Success Oil Ltd.
Sultan Exploration Ltd.
Summit Resources Limited
Sun Oil Company
Sun Oil Company Limited
Sunoco E & P Limited
Supertest Investments and Petroleum Limited
Tenneco Oil & Minerals Ltd.
Texaco Canada Inc.
Total Eastcan Exploration Ltd.
Total Petroleum (North America) Ltd.
Transalta Oil & Gas Ltd.
Trans Ocean Oil Canada Ltd.
Trans Prairie Pipelines Ltd.
Troy Oils Ltd.
Trudel Minerals Ltd.
Ulster Oil Enterprises Ltd.
Ulster Petroleums Ltd.
United Canso Oil & Gas Ltd.
Voyager Petroleums Ltd.
Wainoco Oil Ltd.
Westcoast Petroleum Ltd.
Western Decalta Petroleum Limited
Western Land Services Co. Ltd.
Winship, Alan R.

2. Oil and gas exploration permits issued by the Department of Energy, Mines and Resources for the Atlantic Region have been issued for offshore areas situated between latitudes 40°20′N and 61°18′N. The permit coverage extends some 100 to 400 miles seaward to include almost all of the physical continental shelf and a portion of the deep water areas overlying the continental slope and rise. Areas for which permits have been issued include the offshore areas within the Gulf of St. Lawrence and the areas offshore from Nova Scotia, Newfoundland and Labrador.

[Senator Marshall.]

## VETERANS AFFAIRS

### CANADIAN PENSION COMMISSION—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 41—**By Senator Marshall:**

1. For which departments, agencies or groups of personnel does the Canadian Pension Commission act, other than for veterans of Canada?

2. Of these departments, agencies or groups of personnel, how many cases were handled from (a) April 1, 1977, to March 31, 1978, and (b) from April 1, 1978, to December 31, 1978, and (c) how many man years, man months or man days were expended, and at what cost to the taxpayer, by the Department of Veterans Affairs?

*Reply by the Minister of Veterans Affairs:*

1. Canadian Merchant Seamen and Salt Water Fishermen
Auxiliary Services Personnel
Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom
Royal Canadian Mounted Police
Air Raid Precaution Workers
Personnel receiving remedial treatment while serving under the National Resources Mobilization Act
Members of the Voluntary Aid Detachment
Overseas Welfare Workers
Victims of the Halifax Explosion of 1917
Civilians covered under Prisoner of War Legislation
Special Operators during World War II
Public Servants and Civil Aviation Inspectors injured or killed in the line of duty as a result of a flying accident
Penitentiary Inmates
Spouses of Canadian Forces Attachés
Regular Force personnel
Canadian Air Crew of the Royal Air Force Transport Command
Members of British or Allied Forces who qualify for Supplementary Pensions

2. See attached table.

[*For table see appendix, page 656.*]

### BUREAU OF PENSIONS ADVOCATES—WORKLOAD—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 53—**By Senator Marshall:**

1. What is the breakdown of the workload of the Bureau of Pensions Advocates for the fiscal years 1973-74 to 1977-78?

2. What are the projected figures of the workload from 1977-78 to 1984-85, if such figures are available?

*Reply by the Minister of Veterans Affairs:*

1.

| Year | Claims Submitted to Canadian Pension Commission | Appeals Heard at Entitlement and Assessment Boards | Appeals Heard at Pension Review Board |
|---|---|---|---|
| 1973-74 | 8,994 | 1,928 | 228 |
| 1974-75 | 7,374 | 2,147 | 420 |
| 1975-76 | 7,371 | 3,015 | 472 |
| 1976-77 | 8,482 | 4,600 | 629 |
| 1977-78 | 8,192 | 3,715 | 692 |

2.

| | | | |
|---|---|---|---|
| 1978-79* | 6,672 | 4,545 | 1,000 |
| 1979-80** | 6,000 | 4,500 | 1,080 |
| 1980-81** | 5,500 | 4,000 | 1,134 |
| 1981-82** | 5,000 | 3,500 | 1,175 |
| 1982-83** | 5,000 | 3,500 | 1,175 |
| 1983-84*** | 4,800 | 3,000 | 1,175 |
| 1984-85*** | 4,600 | 2,500 | 1,175 |

Note: Figures given represent number of claims under Entitlement sections of Pension Act and are represented by a factor of 1.4 in relationship to individuals.

* Projected from Actuals as of December 31, 1978.
** Estimated in Bureau's operational plan.
*** Estimates only.

DEPARTMENTAL FILES AND SERVICE DOCUMENTS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 56—**By Senator Marshall:**

1. How many files are kept by the Administration Services of the Department of Veterans Affairs?

2. How many files were issued from (a) April 1, 1977, to March 31, 1978, and (b) April 1, 1978, to December 31, 1978?

3. How many changes of address were processed in the same periods?

4. How many service documents were requested from the Canadian Forces Records Centre from (a) April 1, 1977, to March 31, 1978, and (b) April 1, 1978, to December 31, 1978?

*Reply by the Minister of Veterans Affairs:*

1. 1,000,900.
2. (a) 348,866.
   (b) 209,430.
3. (a) 68,425.
   (b) 50,246.
4. (a) 14,411.
   (b) 13,102.

## BEEF IMPORT BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Sparrow for the second reading of Bill S-13, to control the importation of beef into Canada.

**Hon. Gildas L. Molgat:** Honourable senators, I adjourned the debate yesterday to provide myself with the opportunity of reading the comments by the sponsor of the bill and by Senator Roblin. I was unavoidably absent from the chamber when those two speeches were made, and I have now had an opportunity to read them. Yesterday I heard Senator Hays, and I must say that I concur, by and large, with the comments that have been made.

It seems to me that this particular bill and the process leading up to it are good examples of the work that the Senate can and does do both in its investigative role and in its legislative role. Back in the summer of 1977 when we perceived there was a particular problem in the beef industry, the Senate committee proceeded to study the question. That study could have been done by a royal commission. I think the committee did a good piece of work. It produced a sound report. Now we see the next step in the work that a Senate committee can do which cannot be done by a royal commission.

Having made this study and having made recommendations, we are now acting on those recommendations and proceeding with a bill. I do not claim it is a measure that will solve all the problems in the beef industry, but it is certainly a forward step and one which had virtually unanimous support at the meetings of the committee.

The details of the bill itself have been discussed, and I will not go through them. The important thing here is that when we started this study we were at the other end of the beef cycle. At that point and for some time prior the beef producers in Canada were in fact subsidizing the beef consumers. It was inevitable that shortages would develop at a later date. It was impossible for beef producers to continue producing beef at the prices they were then obtaining on the market. Many of them went bankrupt. Many others simply disposed of their herds and got out of the beef business. It was obvious then that the pendulum would swing the other way and at a later date we would end up with shortages. That is where we are now.

At this stage consumer prices have skyrocketed. I do not believe that is in the interest of either the producers or the consumers. What is required is some stabilization. This bill is one of the steps leading to that stabilization. We must instal confidence in the beef producers that if they stay in the business they will have long-term protection or, at the very least, stabilization. Unless we can provide them with that confidence we will keep on with these boom and bust cycles of very low prices and then extremely high prices. This bill is one of the steps to provide that confidence. The beef producer will know that if he stays in the business he will not find himself at a later date with a great influx of beef from other sources at the very time he could be averaging out his long-term income.

I suspect it is more difficult to convince consumers of the advantage of long-term stabilization, particularly at this point in time when we are, as I have mentioned, at the other end of the cycle. Prices are high, and consumers might resist a measure which, in their view, would prevent an averaging down of price. Nevertheless, I am convinced that this bill is in the long-term interests of consumers, but I think we shall have a particular job to do in explaining its broad impact. It is my hope that the committee meetings will be wide open, and that

the committee will hear all who wish to appear before it. I know that has always been the practice, but in this case I hope that the committee will bend over backwards to accommodate everyone. Any Canadian who wants to appear, should be given the opportunity to do so. We should not attempt to rush the process. In order to be successful, the bill needs the endorsation of as many people as possible.

I presume the bill will be referred to the Standing Senate Committee on Agriculture. We can shortly begin our hearings, but I hope we will allow a sufficiently long period of time to enable those who wish to appear to do so, and that we invite broad representation.

I commend the bill to the Senate.

**Hon. Herbert O. Sparrow:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Sparrow speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Bosa:** Honourable senators, I should like to put a question to the honourable senator who has just resumed his seat.

Yesterday Senator Molgat questioned Senator Hays with respect to his reference to the superior quality of beef imported from the United States, and he did so in such a manner as to indicate he was not in agreement. I thought he might make some remarks in connection with that matter at this time. I am interested in knowing his views with respect to Senator Hays' assertion.

**Senator Molgat:** Senator Bosa, the tone and wording of my questioning yesterday did indicate that I was not in complete agreement with what Senator Hays said about the quality of American beef. However, I have to say that I suppose it is a question of taste. My own taste is for Canadian beef rather than American beef, although once it is put into hamburger no one would really know the difference. Hamburger is becoming the prime use of beef in the country.

There is a point in the reply that Senator Hays made with respect to the extra feeding. If I remember correctly, he indicated that in the United States cattle that would normally come for slaughter would be fed for another 40 to 60 days in order to add more fat. Whether that is, in fact, the right thing to do is debatable because, by and large, people do not eat the fat; the fat is cut off and, in many cases, is wasted. I wonder whether, in our present society—where we are finding more and more instances of shortage—it is sound and proper economics to put excess fat on cattle. Perhaps we should be going in the other direction and feeding them to just the proper amount.

● (1500)

**Senator Sparrow:** Honourable senators, in closing the debate on second reading, may I first thank Senator Molgat, Senator Hays and Senator Roblin for their participation and contributions. They indicated to me—and, I am sure, to all honourable senators—that they have a great knowledge of the cattle industry and of the problems affecting producers, consumers and the exporting countries.

I am sorry that Senator Roblin is not in his seat today to accept some of the accolades that I shall be passing out. In reflecting some of the concern of those who might appear before the committee as witnesses, he particularly mentioned the compatibility of the bill with our GATT obligations. I am aware of the fact, as are the members of the committee, that some problems might be created by relating the bill to GATT. However, I believe there is a way of overcoming them.

Senator Roblin mentioned that there might be a problem with regard to live cattle, particularly as the bill affects our trade with the United States and reflects the concern of some cattle associations in this country. We shall have to look closely at that matter. As Senator Molgat stated, the committee will be open to all representations, and I am sure there will be important discussions on the provisions of the bill concerning live cattle.

Senator Roblin suggested that there might also be problems with the signal price that would be established by the Governor in Council on the recommendation of the Minister of Agriculture, following discussions with consumer groups and other organizations. I appreciate the fact that there might very well be a problem in establishing a signal price that would be fair to producers, consumers, and, of course, our trading partners in the world. I want to assure honourable senators, and particularly Senator Roblin, that I, as the sponsor of the bill, and also the committee members—many of whom are very knowledgeable about this country's agricultural industry—will take a close look at that aspect, and there might have to be amendments to make the bill compatible with and fair to all the groups I have mentioned.

Those honourable senators who heard Senator Hays speak yesterday, or who have read his speech in *Hansard*, will be aware of his expertise in the agricultural industry. He is a former Minister of Agriculture, and has had direct involvement with agriculture as a rancher and farmer.

Senator Hays is the only Canadian who has managed, by devoting a great deal of time, effort and money to the cattle industry, to develop a breed of cattle of his very own that is registered in the herd books of this country. The breed is called Hays Converters, and it has contributed, and will continue to contribute, a great deal to the cattle industry in this country by enabling it to market a better product and thus become more profitable.

Such ambition on the part of Senator Hays will, I hope, counteract any adverse comments which might be made in the future to the effect that Canada produces inferior beef. I, for one, do not believe that we in Canada produce inferior beef. In some categories we might lack a certain quality in our beef, because of weather conditions, feed, and other aspects, but, on the whole, I believe that the quality of beef produced in Canada is competitive with that produced anywhere.

Senator Hays asked whether we do, or do not, want a beef industry? I believe all of us would say yes, we do want a beef

industry. In my introduction of the bill, I stated that the contribution of the beef industry to the gross national product was 12 per cent. That is a high percentage. If we have to import most of our beef products, we might in the future be in much greater financial trouble than we are at present. Yes, we do want a beef industry in this country, because it plays an important role in Canada's business community.

It is well known that Senator Molgat understands and is concerned about the problems of the beef industry, on behalf of both the producers and consumers. He and the other honourable senators who have spoken are members of the Standing Senate Committee on Agriculture. Senator Argue also is to be commended for his work as chairman of that committee. He possesses a great deal of knowledge of many of the problems affecting agriculture in this country.

Senator Molgat said he believed the bill can relieve three problem areas. He particularly mentioned two, namely, those of producers and consumers. Although he did not refer directly to the problems in the export of beef, I believe the bill will treat producers fairly in that respect. He suggested that amendments could be made, and I am sure the members of the committee will look at all suggestions that might make the bill a better one.

I commend the bill to honourable senators. I believe that it will protect, and treat fairly, the three groups I have mentioned—the cattle producers and the consumers of this country, and those nations which historically have exported to this country.

Motion agreed to and the bill read second time.

REFERRED TO COMMITTEE

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

**Senator Sparrow** moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

## NORTH ATLANTIC ASSEMBLY

TWENTY-FOURTH ANNUAL SESSION, LISBON, PORTUGAL—DEBATE CONCLUDED

The Senate resumed from Tuesday, February 20, 1979, the debate on the inquiry of the Honourable Senator McDonald calling the attention of the Senate to the Twenty-fourth Annual Session of the North Atlantic Assembly, held at Lisbon, Portugal, from 25th to 30th November, 1978, and in particular to the discussions and proceedings of the session and the participation therein of the delegation from Canada.

**Hon. Paul C. Lafond:** Honourable senators, I shall detain you only briefly. Before I commence, may I be permitted to refer to a discussion that took place earlier in this chamber concerning rail transportation problems in eastern Canada. Having experienced the difficulty in years gone by, I fully sympathize with Senator Edgar Fournier who at times is thoroughly dependent on that type of transportation.

• (1510)

Within the last couple of years Senator Fournier and I have had the opportunity of travelling together on European trains. While he did not say anything to me, I know that at the time he was thoroughly envious of the efficiency, speed and service we were experiencing. Nevertheless, it is with nostalgia that I recall occasions in the early forties when ten or twelve of us dressed in blue, with as many kit bags, would board the Canadian National train at either Moncton or Mont Joli and indicate to the conductor that he would be quite welcome to get out of his chamber and make room for us. Subsequently we would spend the night in an utterly miserable fashion. But this, with the years, has become a fond memory, and I wish that Senator Fournier could have another 35 to 40 years in which his memories of last week's harassments on the Canadian National could mellow.

Honourable senators, in speaking to the North Atlantic Assembly meeting in Lisbon some months ago, may I first of all correct the record of the Senate at page 546. There was indeed four members of the Senate who were delegates to the Assembly, and I was one of them. I try to be unobtrusive and not speak unless I have something to say and perhaps I overdo it, but nevertheless I was one of the delegation. I think the distinguished chairman of the Canadian North Atlantic Assembly Association is still too new in his role. While he has been for many years a delegate from the Senate to the North Atlantic Assembly Association, on this occasion he was our distinguished chairman and a member of the standing committee.

Senator McDonald has been attending meetings of the North Atlantic Assembly for many years. He is our senior or, if I may put it this way, he is our elder. He has merited considerable respect from our colleagues from the other 14 countries, and from the standing committee on which he will do extremely well. He is looked upon with much respect, and I trust that will continue for many years to come.

While we were in Portugal we were extremely well received by our distinguished ambassador and his staff, who looked after all our needs—even taking into consideration the difficult hours at which we arrived at and left Lisbon—with the utmost delicacy. The briefing which we received from our ambassador in Lisbon was the best that it has been my good fortune to experience in the few years that I have been travelling with parliamentary groups, and I think we should manifest our heartfelt thanks to Ambassador Daniel Molgat and the Minister of External Affairs, and not hold it against the ambassador that he has a distinguished elder brother who is one of our colleagues.

I had had the opportunity prior to this to visit Portugal on a couple of occasions. It is a country that I love for many reasons. It has been my good fortune to know for many years citizens of Portugal residing in Canada, and people from that country who have become citizens of Canada. In fact, probably my first contact with and knowledge of the existence of Portugal was again in the early 1940s when there was such a serious submarine threat in the North Atlantic. On the Grand

Banks off Newfoundland there was only one fleet of ships with lights on all night, lit up like Christmas trees and fishing away. It was the Portuguese white fleet.

I have been in contact from time to time with many Portuguese. Many citizens of Canada and of Newfoundland are of Portuguese origin. In St. John's, Montreal, Ottawa, Toronto and even in Hull there are substantial communities of citizens of Portuguese origin. They are, and will continue to be, exemplary citizens of Canada. I would like to pay that tribute to those of them who are here, and also to express my thanks and admiration to the citizens of the country itself.

Senator Yuzyk has tabled the resolutions and recommendations that were adopted by the North Atlantic Assembly. I have in years past urged that there should be at least five of us, so that we can cover all committees. On this occasion I had to jump back and forth between the Economic Committee and the Science and Technology Committee.

I shall not read the resolutions but, very broadly, one of them concerned the impact of advanced technology on ocean management. This was a Canadian initiative that has been promoted, developed, studied and presented and re-presented, as Senator McDonald said, by Mr. Ian Watson of the other place, and it is essentially the meat of the recommendations of the Science and Technology Committee. It is recommendation 68, and essentially it bears on assistance to be provided by the senior members of NATO to the southern flank nations, Turkey, Greece and Portugal, to enable their students and university people to study and acquire certain knowledge in universities in northern Europe.

A joint Atlantic strategy for economic development—I will not dwell on that because Senator McDonald has gone over it. The resolution on the maintenance of nuclear fuel supply was dealt with by two committees. I am afraid the initial draft of that resolution, which emanated mostly from the European Economic Community, was somewhat harsh in its treatment of the United States of America. We did not accept it. To some extent we took the lead in fighting it, and succeeded in attenuating its range. Much of the success of that effort, as Senator McDonald himself has said, is probably due to our leader in the Economic Committee, Mrs. Appolloni of the other house.

● (1520)

In the Science Committee, the resolution on measures to control maritime pollution has been repeated for several years. It originates with France, and in particular with Senator Lemarié of Brittany, whose area in France was the main victim of the *Amoco-Cadiz* disaster of a couple of years ago. We do, of course, endorse that resolution with all the power that we can muster because, as we all know, our coastline is such that we may very well be a victim of such a disaster at some time in the future.

In both the Economic and the Science and Technology Committees the question arose as to what the relations of NATO should be with China. Even though there were some vigorous proponents of the discussion of such problems, all delegations felt that any such discussion of military, economic scientific or other relations at this point in time was not within the purview of the North Atlantic Assembly, and this was put off until a future time.

Senator McDonald, as reported at page 550 of our *Debates*, speaking in his particular field of expertise on matters of national defence, suggested that the Senate should have a more serious look into that matter. I could not agree with him more. He and I have been discussing it mutually for months, if not years, as we have with other members of the Senate. It is my feeling that Parliament and the people of Canada do not have the information they should have of our defence commitments and our requirements at home. As for an inventory of our military establishment and our potential in defence, we do not have the perception we should have of our defence policy and planning, in either the short or the long term.

In expressing that feeling—and I think Senator McDonald will agree with me—I am not seeking in any way to start a witch hunt or to embarrass the department. All I am doing is giving expression to a real desire to help the department and give it a platform from which to tell its story and justify its priorities. With all due respect to the other place, there is more knowledge and experience of defence, and of all three services, in this chamber than exists over there, and the balance will very probably not be improved by the forthcoming general election. Time and age do indeed march on. This chamber is therefore, in my view, the most efficient venue for this type of discussion.

Senator McDonald has suggested, and Senator Grosart has not disagreed, that our rules indicate that the Senate Standing Committee on Foreign Affairs is the place where these things should be discussed. For some time, in the committee itself and in its steering committee, I have been suggesting that because of the knowledge that resides in this house, and because of the other reasons that I have referred to previously, we should tackle the question of national defence. I am not suggesting that the committee has been reluctant to do this, but I have to say that the committee has not been diligent in doing so. Action should be taken, and taken soon, in this direction. I suggest at this point, therefore, that if these matters are to be dealt with by the Standing Senate Committee on Foreign Affairs, the Leader of the Government and the Leader of the Opposition in the Senate should get together and clear the way for doing so immediately we have a new Parliament.

If this is decided upon, I suggest that the selection committee at that time should keep in mind, in the formation of the committee, the members of the Senate who have experience and knowledge of all three services and who are interested in matters of defence. If that is not done immediately the new Parliament meets—and I am not threatening, since I am in no position to do so—then the initiative should be removed from the leadership for the Senate, and some of us will see to it that a motion is made for the setting up of a special committee of the Senate to look into those questions, so as to give the people and the Parliament of Canada the opportunity to look into and make known their wishes in matters of national defence.

**The Hon. the Speaker:** As no other senator wishes to participate, this inquiry is considered as having been debated.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE—INQUIRY STANDS

On the Inquiry of Senator Forsey:

That he will call the attention of the Senate to the Fourth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, tabled in the Senate on Tuesday, 13th February, 1979.

**Senator Forsey:** Honourable senators, I am quite prepared to go ahead with this now. But I see that we barely have a quorum, and I suspect that after a very few moments of a speech by me the quorum would disappear completely. I am therefore rather inclined to suggest that this item had better stand to the next sitting. It is not a matter of any great urgency.

Order stands.

The Senate adjourned until Monday, March 5, at 8 p.m.

## APPENDIX

(*See p. 650*)

| Personnel | Legislation | Dept. or Agency | Number in Pay 31 March 78 | Liability $ | Number in Pay 31 Dec. 1978 | Liability (Monthly) $ |
|---|---|---|---|---|---|---|
| Canadian Merchant Seamen and Salt Water Fishermen | Civilian War Pensions and Allowances Act | C.P.C. | 244 | 954,813 | 234 | 86,780 |
| Auxiliary Services Personnel | Civilian War Pensions and Allowances Act | C.P.C. | 54 | 170,961 | 51 | 14,758 |
| Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom | Civilian War Pensions and Allowances Act | C.P.C. | 34 | 82,762 | 33 | 8,587 |
| *Royal Canadian Mounted Police | Civilian War Pensions and Allowances Act<br>R.C.M.P. Act<br>R.C.M.P. Superannuation Act<br>R.C.M.P. Pension Continuation Act | R.C.M.P.<br>R.C.M.P.<br>R.C.M.P.<br>R.C.M.P. (adjudication only) | | | | |
| Air Raid Precaution Workers | Civilian War Pensions and Allowances Act | C.P.C. | 1 | 5,370 | 1 | 509 |
| Personnel receiving remedial treatment while serving under the National Resources Mobilization Act | Civilian War Pensions and Allowances Act | C.P.C. | 1 | 3,132 | 1 | 297 |
| Members of the Voluntary Aid Detachment | Civilian War Pensions and Allowances Act | C.P.C. | 1 | 1,432 | 1 | 135 |
| Overseas Welfare Workers | Civilian War Pensions and Allowances Act | C.P.C. | 4 | 2,503 | 4 | 237 |
| Victims of the Halifax Explosion of 1917 | Halifax Relief Commission Pension Continuation Act | C.P.C. | 56 | 144,698 | 56 | 13,151 |
| Civilians covered under Prisoner of War Legislation | Compensation for Former Prisoners of War Act—<br>Civilian War Pensions and Allowances Act | C.P.C. | 57 | 123,819 | 51 | 9,980 |
| Special Operators during World War II | The Special Operators War Service Benefits Act R.S.C. 1952, Chap. 256 | C.P.C. | 7 | 17,713 | 6 | 1,952 |
| Public Servants and Civil Aviation Inspectors injured or killed in the line of duty as a result of a flying accident | The Flying Accidents Compensation Regulations, P.C. 1972-2613, dated 9 November 1972 | C.P.C. | 43 | 235,995 | 39 | 19,953 |
| *Penitentiary Inmates | Penitentiary Inmates Accident Compensation Order P.C. 1977-2850 6 October 1977 | Dept. of the Solicitor General (advice only) | | | | |
| *Spouses of Canadian Forces Attachés | Special Indemnity Plan for Spouses of Canadian Forces Attachés T.B. 7536197 of 1 Dec. 1977 | Dept. of National Defence (Adjudication only) | | | | |
| *Regular Force personnel | Defence Service Pension Continuation Act<br>Canadian Forces Superannuation Act | D.N.D. (Advice only respecting administration of Superannuation) | | | | |
| Canadian Air Crew of the Royal Air Force Transport Command | Civilian War Pensions and Allowances Act | C.P.C. | 3 | 4,239 | 2 | 496 |
| Members of British or Allied Forces who qualify for Supplementary Pensions | The Pension Act | C.P.C. | 1,632 | 4,723,786 | 1,331 | 445,432 |

NOTE: * Statistics are not maintained separately for R.C.M.P. personnel whose claims are adjudicated under terms of R.C.M.P. legislation and the Pension Act, nor for instances where advice only is provided.

Claims have not been separated in such a way as to determine cost in man months etc. The work done on these claims is absorbed in the normal C.P.C. operation.

# THE SENATE

**Monday, March 5, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DISTINGUISHED VISITORS IN GALLERY

THE HONOURABLE JOSEPH R. SMALLWOOD—FORMER PREMIER OF NEWFOUNDLAND

**Senator Rowe:** Honourable senators, it gives me great pleasure to call the attention of the Senate to the presence in the visitors gallery of a distinguished Canadian in the person of the former Premier of Newfoundland, the Honourable Joseph R. Smallwood.

THE HONOURABLE E. M. CULLITON—CHIEF JUSTICE OF SASKATCHEWAN, AND MRS. CULLITON

**Senator Steuart:** Honourable senators, I should like to draw the attention of the Senate to distinguished visitors in the gallery in the persons of the Chief Justice of Saskatchewan, Chief Justice Culliton, and his charming wife Kay.

## JUDGES ACT AND CERTAIN OTHER ACTS IN RESPECT OF THE SUPREME COURTS OF NEW BRUNSWICK, ALBERTA AND SASKATCHEWAN

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-43, to amend the Judges Act, to amend An Act to amend the Judges Act and to amend certain other Acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan.

Bill read first time.

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

**Senator Perrault:** Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading later this day.

**Senator Flynn:** Is there some real urgency, or is it the same kind of urgency that we had about the same time last year?

**Senator Perrault:** Honourable senators, it may be said that good things come to those who wait.

**Senator Flynn:** You may have waited too long.

**Senator Perrault:** No one can anticipate the course of future events. All I can say about Bill C-43, which has come to us from the other place, is that it is the product of a remarkable degree of co-operation among the parties in the other place, and because of the importance to the provinces involved it was thought that the Senate should try to deal with the bill as soon as possible.

**Senator Flynn:** You mean emulate the House of Commons? Agreed. Later this day.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Supplementary Estimates (B) for the fiscal year ending March 31, 1979.

Letter to the Minister of State (Fitness and Amateur Sport) from the President of Loto Canada Inc., dated March 1, 1979, regarding an omission which occurred in Appendix B of the English copy of the President's Report relating to the Loto Select project, tabled in the Senate on February 22, 1979, together with an amended copy of Appendix B.

Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. The Corporation of the Town of Wallaceburg, Ontario.

2. The Canadian Red Cross Society, Toronto, Ontario.

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 23 of the Canada Council Act, Chapter C-2, R.S.C., 1970.

## THE ESTIMATES

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(e) moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1979.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois**, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, March 7, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday next, March 7, 1979, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, before the question is put, I should like to add that, although permission is sought, it is only for the purpose of having the notices of the meeting issued because the committee will sit only when the Senate rises.

Motion agreed to.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, March 6, 1979, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to add that this motion is made in order to allow committee meetings to take place tomorrow afternoon as we have many committee meetings scheduled.

**Senator Flynn:** I do not see the logic of this motion and the previous one as far as Wednesday is concerned. It seems to me that we have two committees sitting on Wednesday afternoon while the Senate is sitting. Will there be more than that tomorrow afternoon?

**Senator Langlois:** There are at least four tomorrow and only one for Wednesday afternoon. The motion I moved in connection with Wednesday was only for the purpose of having notices issued.

**Senator Flynn:** What committee meetings do we have tomorrow afternoon? I know the Banking, Trade and Commerce Committe is meeting.

**Senator Langlois:** There will also be meetings of the Agriculture Committee, the Legal and Constitutional Affairs Committee, the Health, Welfare and Science Committee, and the Retirement Age Policies Committee.

[Senator Langlois.]

**Senator Flynn:** The Agriculture Committee usually meets when the Senate rises. Will the Health, Welfare and Science Committee be dealing with the Health Resources Fund Act tomorrow?

**Senator Langlois:** No, retirement age policies.

**Senator Flynn:** No, that is something else. When is the committee on Health, Welfare and Science meeting to discuss Bill C-2?

**Senator Langlois:** Tomorrow morning at 10 o'clock.

**Senator Flynn:** That does not interfere with tomorrow afternoon. There is a lack of logic and consistency when you compare the two situations; that is, Wednesday and Tuesday afternoon.

● (2010)

**Senator Langlois:** There is always lots of logic on this side.

**Senator Flynn:** I suppose I should get used to the way the government side handles matters and follow the example of the majority, simply accepting whatever is done. I may be changing sides soon, and I wonder how you will behave when you sit on this side.

**Senator Argue:** There aren't enough seats.

**Senator Flynn:** We may allow you to move to the other side.

Motion agreed to.

## AGRICULTURE

ALLEGED SALMONELLA INFECTION BY MANITOBA CATTLEFEED—QUESTION

**Senator Roblin:** Honourable senators, I should like to ask the Leader of the Government in the Senate if he would be willing to lend his good offices to clarify a matter that is in dispute between the Minister of Agriculture in the federal government and the Minister of Agriculture in the Province of Manitoba.

Recently the federal Minister of Agriculture made a statement that salmonella bacteria had infected up to 15,000 dairy cattle in Quebec, which was traceable to an ingredient in cattlefeed manufactured in Manitoba. As one can imagine, that created a bit of a stir. I now find the Minister of Agriculture of Manitoba has informed his legislature that, in spite of double testing of feed from the province, the federal officials have found absolutely no trace of salmonella contamination in feed manufactured in Manitoba. Would the leader be kind enough to find out whether the federal Minister of Agriculture has withdrawn his statement?

**Senator Perrault:** That information will be obtained as soon as possible and brought to the chamber.

**Senator Roblin:** I should like to ask a supplementary question. If by any chance the federal minister is not willing to abandon his position, would the Leader of the Government be kind enough to furnish us with the technical documents on which his opinion is based? I ask this because the cattlefeed

industry of Manitoba is quite an important one, and the members of it are very anxious that their reputation in this matter should be cleared.

**Senator Perrault:** Honourable senators, I quite understand the importance of this matter to those who live in Manitoba, especially those in the cattlefeed industry. The Minister of Agriculture will be contacted for clarification and documentation if necessary.

## FOREIGN AFFAIRS

### CANADIAN POLICY RESPECTING HOSTILITIES BETWEEN CHINA AND VIETNAM—QUESTION

**Senator Bosa:** Honourable senators, I should like to preface my question by saying that some Canadians might feel that when something happens far away it may not affect their lives. On the contrary, we have seen what has happened in Iran, and we are now feeling the repercussions as a result of the change of administration in that country.

Does the Leader of the Government in the Senate have any information concerning the possible cessation of hostilities between China and Vietnam?

**Senator Perrault:** Honourable senators, I have no current information available for tonight's sitting of the Senate. An inquiry will go forward to the Secretary of State for External Affairs.

## DEPARTMENT OF LABOUR

### REMOVAL OF REQUIREMENT TO PUBLISH "LABOUR GAZETTE"—QUESTION

**Senator Forsey:** Honourable senators, some little time ago I asked the Leader of the Government a question about the suppression of the *Labour Gazette*, which under the act still on the statute books is supposed to be published once a month. I pointed out that the last issue had been issued in December and that the bill which is to amend the act, to remove the statutory requirement about publication, has not yet come before us. I am not sure that it has even got first reading in the other place. In view of the rumours we have had tonight and the flock of motions we have had tonight indicating urgency, and the fact that one of the pages has asked me if I want my files destroyed, I should be very grateful if the Leader of the Government could manage, if at all possible before dissolution overtakes us, to give me the answer to that question.

● (2015)

Under what warrant and by what authority was the *Labour Gazette* suppressed when the statutory requirement that it should be published monthly is still there on the statute books and probably now will still be there long after the election has taken place, and it will perhaps fall to the lot of the present Leader of the Opposition to introduce retroactive legislation validating this action? I do not want to make dire prophecies but—

**Senator Perrault:** Honourable senators, I think it can be said it is taking an uncommonly long period of time to obtain the information which was requested by the honourable senator.

The move to cease publication of the *Labour Gazette* was certainly prompted in large measure by the desire of the government to save as much money as possible and to exercise restraint and economy. I think all honourable senators would welcome that general policy.

However, an inquiry will go forward immediately to determine why it has taken so long to obtain a reply.

**Senator Forsey:** If I may ask a supplementary, I am all in favour of saving money, but may I ask why, in the effort to save money, the law should be violated and, apparently, it is likely to be violated for a considerable length of time unless this bill is brought forward very promptly in what is probably likely to be the dying hours of the session?

I think the government ought to take note of St. Paul's injunction: "Let all things be done decently and in order."

## NEWFOUNDLAND

### SEAL HUNT PROTEST ACTIVITIES—PERMIT APPLICATIONS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on February 13 Senator Marshall asked for an up-to-date report of all applications for permits in relation to seal hunt protest activities in Newfoundland. Because the hunt is now under way I felt it important to bring this information to the chamber, even though all senators interested in the subject may not be here this evening.

Requests for permit applications have been received from the following groups or individuals:

1. International Fund for Animal Welfare—requested permits for Brian Davies and a veterinary pathologist, Professor Lang of Switzerland. Reason: to conduct post-mortems on seal carcasses. Negative reply to this request was signed February 19, 1979.

2. Greenpeace (Canada)—requested permits for Dr. Patrick Moore and 3 assistants. Status: Ready for decision.

3. Royal Society for the Prevention of Cruelty to Animals (RSPCA)—requested permission for RSPCA icebreaker to view the hunt. Status: Ready for decision.

4. Greenpeace (U.S.)—Completed forms have not yet been received.

5. Ms. Donna Bruce of Hockessin, Del., U.S. (individual) requested permit application forms. Reason: She wants to write an article for a local nature centre, and present both sides of the hunt to the public. Completed application form has not yet been returned.

6. Ms. Moira Farrow, Vancouver Express, requested application forms by telephone. They have not yet been returned.

7. Mr. Miller Ayre (CODPEACE) requested application forms. They have not yet been returned.

8. Mr. Brian A. Butters, Atlantic Correspondent, Southam News Services. Wants to present a fair picture of the hunt. Completed application form has not yet been returned.

9. Mr. Jim Winter, Fishermen's Broadcast, CBC Radio (St. John's) has requested permit application forms. They have not yet been returned.

10. Mr. Malcolm Gray, The Globe and Mail (Halifax Bureau) has not yet returned permit application forms.

11. Mr. Denis Paquin, United Press International (Halifax Bureau Newspictures Manager). Permit application form has been received. Ready for decision.

12. Mr. Don Richardson of Mr. Paul McCrossan, M.P.'s Office has requested application forms for a constituent. Completed application has not yet been returned.

• (2020)

13. Ms. Marilyn Taylor, Minneapolis *Star*, has requested a permit application.

14. Mr. Ken Mori, Ottawa.

15. Mr. Guy Wright, a graduate student at Memorial University doing a Master's thesis on the social organization of the Newfoundland Seal Hunt.

**Senator Flynn:** How many more are there?

**Senator Perrault:** There is just one more, unless the honourable senator would like to submit an application as well.

**Senator Flynn:** If you promise to come with me I will.

**Senator Perrault:**

16. W. Millard, Canadian Wildlife Tours, Inc. of Happy Valley, Labrador through a St. John's legal firm has requested permission to photograph and film the seal hunt.

Amendments to the Seal Protection Regulations have been announced which will prevent interference in the annual seal hunt on Canada's east coast.

Permits or licences, issued by the minister, will be required for any reason to visit the immediate area in which the hunt is being conducted.

These measures have been given unanimous approval by Parliament to prevent any disruption of the seal hunt. Accredited journalists, scientists, humane society personnel and other legitimate observers will be permitted to the hunting areas as usual. The regulations, however, prohibit persons or groups whose announced intention is to interfere with the livelihood of authorized and licenced fishermen.

**Senator Molgat:** I wonder whether the leader would permit a supplementary question. Could he find out for us, if he does not already have the information, which of these persons or groups have asked for permits to visit Canadian abattoirs and, in addition, if the information is available, which of those persons or groups have requested similar permits from the United States?

[Senator Perrault.]

**Senator Perrault:** Honourable senators, that supplementary information will be sought. May I again point out that these, in most cases, are permit application forms. I shall attempt to ascertain how many have subsequently filled in the applications and are on the ice.

**Senator Flynn:** Do you mean the applications are on the ice?

## TRADEMARK BILL, 1979

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Rizzuto, for the second reading of the Bill S-11, intituled: "An Act relating to trademarks and unfair competition".—(*Honourable Senator Grosart*).

**Senator Grosart:** Honourable senators, it is not my intention to speak to this order at this time. I did adjourn the debate more or less indefinitely last Wednesday for reasons that I gave then, largely because the sponsor of the bill said there was no urgency in respect of second reading at this time and there was no chance that the bill would be disposed of by Parliament before dissolution. For that reason, I adjourned the debate rather indefinitely, but if any other senator wishes to speak on second reading, I shall be pleased to yield to him.

## BANKRUPTCY BILL, 1979

SECOND READING

**Hon. Salter A. Hayden** moved the second reading of Bill S-14, respecting bankruptcy and insolvency.

He said: Honourable senators, I hope my voice will not sound too husky this evening.

• (2025)

This bill is almost at the point of being a hardy perennial. If we look at the history of it we see that the original bill came forward in May 1975 as Bill C-60. That bill was given first reading in the House of Commons and then sat there until prorogation, at which time it died. The Senate, in the meantime, had referred the subject matter of Bill C-60 to the Standing Senate Committee on Banking, Trade and Commerce. The committee, following a full-scale inquiry, presented a report on Bill C-60 in December 1975. There were 139 amendments, most of them substantial, proposed in the report of the committee.

In 1978 a new bill, a revised bill, was introduced in the Senate in the form of Bill S-11, which incorporated 109 of the 139 proposed amendments substantially in the form in which they were proposed.

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

**Senator Hayden:** Also, there were 19 further amendments which were accepted and incorporated in part, and there were 11 which were not accepted at all. In addition, there were amendments proposed by those who appeared before the committee as witnesses. Bill S-11 suffered the same fate as Bill

C-60. It died with the prorogation of the last session of Parliament.

We now have another bill, Bill S-14. Of the 420 clauses in Bill S-11, 268 are carried through in Bill S-14 without change, and there are 128 of the clauses of Bill S-11 in respect of which some changes have been made. A number of the amendments proposed originally by the Banking, Trade and Commerce Committee in relation to Bill C-60 have survived through the series of bills that have come forward and are still in their feature position in Bill S-14.

As I pointed out in moving the second reading of Bill S-11 in April 1978, honourable senators will again find a number of clauses in this bill printed in italics. The numbers have changed in this bill as compared to Bill S-11, so perhaps for purposes of the record I should indicate them again. First, clause 11 has to do with the appointment of the Superintendent of Bankruptcy. The purpose of printing in italics, of course, is, as I explained last time, to earmark clauses which are not within the competence of the Senate to pass because they deal with the appropriation of money. Inherent in the appointment of a Superintendent of Bankruptcy, of course, is the provision for payment of his salary and the maintenance of the office.

● (2030)

Then there is clause 18(4) which occurs on page 17 of Bill S-14. It provides for the superintendent to make inquiries and examinations in the course of his work of administration. Clauses 57 and 59 on pages 37 and 38 deal with the Bankruptcy Indemnity Account, while clause 56 on page 37 deals with the Bankruptcy Trust Account, and those are all in italics. In committee, as, when and if this bill is referred to committee, which I would expect it to be, these clauses will be struck out, but they will be labelled in such a way that they will be readily recognizable when the bill gets to the other place. That is the purpose of doing it in this form, although sometimes the form has been to print them in red. I think I gave you a treatise last time for which Senator Connolly (Ottawa West) was responsible some years ago when he was Government Leader in the Senate, so if you want to refresh your memory on that you may look at the Senate *Hansard* of April 4, 1978.

Then, honourable senators, I should point out to you what I think I could describe as the most important amendment proposed by your committee to Bill C-60. That bill proposes that a wage-earner be given priority over secured creditors for arrears of wages up to $2,000. In our committee, after hearing evidence, we concluded that this was not a way in which any particular benefit could be given to the wage-earner, because the language of the clause did not give any assurance of promptness of payment, which is most important as far as wage-earners are concerned. The wage-earner has a way of life in which his current income must be available to meet his current expenses on a weekly basis, and this provision in the bill gave no assurance of that, because the trustee of a bankrupt estate, I think it is a fair assumption, would have no particular money on hand for the purpose of paying claims of this kind. He would have to borrow it and in seeking around to borrow it, with the wage claims enjoying a priority, there would be difficulties and, understandably, it would be more expensive. Then looking at it from a general point of view, labour-intensive industries would present a great problem for the trustee in trying to raise money in order to meet these obligations. Your committee felt that there was a simpler and more direct way, and while we recommended that the priority of wage-earners' claims over those of secured creditors be deleted, we also recommended that an insurance fund be established, such fund to be contributed to by either the employer or the employer and employee.

● (2035)

For instance, with respect to the Workmen's Compensation Board, the contributions are by the employer. But we had evidence before us which showed that the cost of financing that insurance fund would be low. The departmental officers made an estimate that with a work force in Canada of nine million persons, and each one contributing ten cents per week, a fund of over $40 million would be produced in one year. On their best estimate—and it was just an estimate—they concluded that if the arrears of wages in bankruptcy ever amounted to even as much as $4 million it would be an extraordinary situation.

Then we had evidence, too, to show that in France they have this insurance system working, and working most satisfactorily. But it operates, so our evidence indicated, in a more expensive way, and it costs more to administer. In Germany they have this insurance fund system. In England they have installed this insurance fund system, and I understand that the contributions there are made by the employer. We recommend this because there is no question about the promptness of payment. The fund is there. This is the need of the wage earner.

It is remarkable that the Toronto *Star* had an editorial on this in its Saturday paper. The article is entitled, "Make Sure Employees Get Paid." The article says:

> It's unjust that in a bankruptcy the company's employees lose all or some of the pay still coming to them.
>
> This often happens because secured creditors of a bankrupt business—such as banks and mortgage companies who have collateral for the loans they've made—get first claim on whatever money is left in a bankrupt business.
>
> Employees may get only a portion of their wages or none at all.
>
> As part of a new Bankruptcy Act now before the Senate, the federal government is considering an insurance scheme to protect the wages and fringe benefits of workers whose employers go under.

That statement is not quite accurate because Bill S-14 does not contain the recommendation we made about establishing an insurance fund. It does provide that the wage earners shall be preferred creditors, which means that they would come after secured creditors and after the trustee's reimbursement.

In that connection, Bill S-14 also provides several additional amounts of money which the wage earner would get, I think up to $500 in connection with pensions and health schemes and welfare benefits, and reimbursement to salesmen and

others up to $600 in connection with disbursements they would make in carrying out their work.

The minister did make a statement at the time indicating that they are still studying this insurance plan. The only comment I would make at this time is that when we made our report on Bill C-60 in 1975, and recommended that an insurance plan or fund be established, the department started to study the question then. They have had three and a half years in which to study the question. Perhaps it is a complicated subject, and perhaps it takes a little longer to determine who is going to bear the cost. I should think that the simplest phase of the consideration of the insurance fund would be who was going to pay the cost, because the cost would be relatively negligible, and any person who thinks rationally would feel satisfied if he had to pay five cents, or even ten cents, a week in order to be assured, in the event of bankruptcy, that whatever his arrears might be, he would get paid promptly—and the emphasis is on the word "promptly."

● (2040)

Perhaps I may be allowed to digress for a moment. Recently I was interviewed by a CBC official in connection with a program called *Ombudsman*. I was told that he wanted to talk to me about the priority of wage earners accorded in Bill C-60, which was not proceeded with, and he wanted to learn my attitude and views in connection with that.

Having the subject fairly clearly in my mind, I agreed to be interviewed. The interview turned out to be an eye-opener for me. When I saw the program on the evening it was televised, there were some initial remarks made by the gentleman concerned—remarks that were made somewhere at some time, but not on any occasion when I was present—in which he said that the Senate had killed the bill.

Now, how the Senate could kill something that never got to the Senate is beyond me, but that was his statement. There was another expedient used, in which he asked questions which contained certain inferences and then I, as the interviewee, was faded out and no answer to the question was televised. That enabled him to put forward some propaganda, because he supported the theory that priority had to be accorded to wage earners, that they were entitled to their money ahead of secured creditors.

So I said to him—I am not sure whether or not it got through to him—"Well, what will the trustee use for money? Let us assume that the company is bankrupt, that it does not have money, and it has to find money. If it is a radio plant, would the employees settle for radios, or for vacuum cleaners, because those would be the only items the trustee would have, and such items might be subject to a chattel mortgage, or a conditional sale agreement?"

That program taught me a lesson. I would only agree to another interview subject to certain limitations or qualifications—namely, if I myself could man the equipment, or have it manned by people on whom I could count.

**Senator Walker:** Such as the Banking, Trade and Commerce Committee.

[Senator Hayden.]

**Senator Hayden:** Continuing the *Star* editorial, it says:

> A more direct method would be to give workers who are owed wages priority over all other creditors. This was proposed in a bill that died on the order paper in 1975. It hasn't been revived in the new bill because of objections that it would make it both more difficult and more costly for business to borrow money.
>
> If so, an insurance scheme may be a good alternative.

Please note this line:

> And as the Canadian Labor Congress noted in a brief to the Senate when it was debating the 1975 bill, an insurance plan would enable workers to get their money more quickly than giving them priority over unsecured creditors.

The editorial goes on to discuss the question of cost, and to deal with it in the writer's own inimitable way.

There is likely to be a great deal of interest shown in connection with this question, and I am glad to see that the government has displayed courage regarding the matter. When the bill was introduced in the Senate, the minister was interviewed and he said that the government had not forgotten the insurance plan which had been put forward by the Senate, that it was studying the question of costs and how they were to be allocated. At some stage we may still get to it. What will be the committee's or the Senate's position when we get to it? Your conclusion, honourable senators, is as good as my own at the present moment.

It would be merely repetitive for me to indicate some of the other important items that were recommended in the original Senate committee report, which I dealt with in April 1978, when we were dealing with Bill S-11 at second reading stage. One aspect was that an international problem arises in bankruptcy matters where the bankruptcy occurs in Canada but some of the operations and assets are located in the United States. Courts in the United States have refused to recognize the trustee, in connection with the estate, because he had not been appointed by the courts.

That aspect is effectively dealt with in Bill S-14. In clause 313 of the bill, at pages 204 and 205, honourable senators will find auxiliary and supplementary provisions dealing with various situations that might arise in that connection. I would draw their attention also to clauses 314 to 317, at pages 206 to 209. I have mentioned the page numbers because, as honourable senators can see, the bill is quite substantial and it is difficult to go through it to find particular clauses if the index is not sufficiently informative. While a fair job of indexing has been done, it is not as handy as if one were able to turn directly to the page required.

I should mention also that there is provision in Bill S-14 in connection with the liability of directors for wages. That marks a change. First, it provides that liability is governed and determined within the limits and scope of the bankruptcy legislation itself. In other words, any provision in the Canada Business Corporations Act cannot be invoked; and any provision in the Business Corporations Act of Ontario or any other

province which may emphasize the liability of directors is superseded by the provision contained in the Bankruptcy Bill, S-14, and it alone governs the question of directors' liability.

• (2050)

The interesting thing about directors' liability is this. If you look at subclause 188(3), you will see that it says:

> A director or former director is not liable under subsection (1)—

Subsection (1) is the subsection that makes him liable.

> —if he relies in good faith on
>
> (a) financial statements of the corporation represented to him by an officer of the corporation or in a written report of the auditor of the corporation fairly to reflect the financial condition of the corporation; or
>
> (b) a report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.

These provisions, where the director escapes this liability for the wages, in the circumstances where he relies in good faith on these exceptions, is new, and is brought into force by the provisions of clause 188. There is no such provision in the Ontario Business Corporations Act, and I would suspect that there perhaps is not one in the corporate statutes of other provinces either, since the qualifications in the Canada Business Corporations Act do not go as far as this legislation proposes to go.

Senator Flynn was a faithful attender at our meetings and was quite a contributor to the study, as a result of which two new features were incorporated in the bill, one of which consisted of efforts to avoid having to carry proceedings through into bankruptcy and to the bankruptcy legislation, and the other was the introduction of what are called consumer and commercial arrangements. These are under Part II and Part IV of this bill, as an alternative to bankruptcy. Under this method a debtor could make a proposal to his creditors, and if the necessary percentage of creditors accepted either 100 per cent liquidation of debts over three years, or a lesser percentage acceptable to the creditors, then the proceedings could go forward if they were within the limits prescribed for consumer arrangements, or, if they were on the corporate side, for commercial arrangements. In addition you have an express delegation to the provinces of the administration of consumer arrangements in bankruptcy so as to make use of local counselling and services. That is to be found in clause 16, on page 16 of the bill.

There are many other features, some of which, I think, would be regarded as important. On the other hand, you may wonder why there is such a large number of clauses that remain unchanged, and I would say, if I might use the expression, that these really bear on the guts of the operation of the bill, and are in a form that presents neither problems nor confusion. Some of the changes in this bill, as opposed to Bill S-11, have been made in the interests not of policy as such, but rather with the object of polishing the bill a bit, and making the language perhaps a little more readable and understandable. In statute law it is very important to get all the help possible to ascertain the intent of the law from the language. When the language causes confusion, this simply means that the courts have more work to do.

There is nothing more I can usefully contribute at this time. I could develop other aspects of the bill, but it will be studied in depth in committee. I can tell you that the committee's experts were consulted, and they consulted the chairman, when the study was being made by the departmental officers of Bill S-11 in the preparation of Bill S-14. And this shows. I am sure you will have less criticism of this bill than you have had of many others you have been exposed to. I think this is the preferred way of doing things if the legislation we are dealing with is the kind that we can give the necessary public exposure to. Of course, there are difficulties in the way of doing that. Tax bills, to some extent, are examples. I, for one, think we would have better tax bills if there were more consultation with the public interest in some fashion with regard to them. It is not my job at the moment to suggest in what way that could be done, but where there is less than full input in the preparation of legislation there is a tremendous amount of extra output when we start to look at it, and perhaps a lot of time is taken up in doing that that could usefully be devoted somewhere else.

That ends the story of the latest in the field of bankruptcy and insolvency bills, with no assurance that this is the last time that you will see a bill dealing with bankruptcy and insolvency, in light of present circumstances, and in view of the uncertainty of a reasonable amount of time being available for the study of this bill in depth.

**Senator Flynn:** In view of the last remarks of the sponsor of the bill, I do not think I should worry about adjourning the debate.

**Senator Bosa:** Honourable senators, I wonder if I could put a couple of questions to Senator Hayden.

I believe Senator Hayden quoted from an editorial in which it was alleged that if wage earners were to be secured creditors the cost of borrowing would increase. Is it not equally true to say that if that were the case lending institutions would monitor those companies a little more closely, and clip their wings a little, and perhaps thus avoid a possible bankruptcy.

• (2100)

My second question concerns the assumption that if the proposed insurance scheme—which is not mentioned in this bill—were put into effect, the cost of it would be negligible. Having arrived at such an assumption, has a study been made to determine what the cost would be?

**Senator Hayden:** The first question my friend asked deals with what I shall call the "sophisticated lender." The moment you assume a lender is sophisticated, you must assume that he is concerned where his money is and how well it is being treated, and he will study and monitor the operations in a nice way. If his security appears to be endangered, he will take action under the security. However, that is not the point at

which the problem starts. The problem starts when there is a bankruptcy. The die has been cast; the man or the corporation has become insolvent, and has become insolvent because he or it cannot meet his or its debts as they fall due. In these circumstances it is a fair assumption that the corporation or the individual does not have the necessary money in order to pay unsecured claims.

Let us assume that priority to wage-earners becomes law. What would happen in those circumstances? What would happen if the trustee went around trying to borrow the money? Based on my experience—which over a lifetime of practice of law has been reasonably extensive—I would say the trustee would have a very difficult and costly time trying to raise money. The lawyer would be asked to advise as to what security is being offered to the lender. What can the lawyer say when the wage-earner is sitting with a priority for his wages over the secured debts that are presently there? The kind of security the trustee could give would have to be assessed. If it is a gold mine, perhaps he could offer some of the gold in the ground.

As I said to this interviewer, you could use merchandise as your protection, but the wage-earner does not want that. My own view is that he should not have to look to that—there should be a vehicle provided that will assure him of prompt payment that fits into his current way of living and current income by way of wages or salary. That can be done very inexpensively, and a lot of countries are doing it.

I have belaboured this question a little bit, but this matter seems to be springing into prominence, and a lot of people solve the problem quickly by saying, "Give the wage-earner priority". You are not giving him any assurance that he is going to be paid promptly, and a trustee cannot give that assurance because he has to go out and find the money. The wage-earner gets his security, and it develops into a long-term obligation. Perhaps at some time in the future the money will appear. The wage-earner, with his priority ahead of the secured creditors, ends up waiting a long time, and perhaps forever, for his money.

What did your other question relate to?

**Senator Bosa:** It was alleged that the cost of this insurance would be negligible. Have any studies been made to estimate the amount of claims that would arise in order to arrive at the conclusion that the cost would be negligible?

**Senator Hayden:** Studies have been going on since we made our report in December 1975. The minister made a statement when he brought forward this bill in which he said that the department was studying this, and that they had people studying the operations of those plans in France, Germany and the United Kingdom. The plan in France, of course, is very expensive because it includes factors like severance pay on termination of employment, vacation pay, and those other extras which add to the cost. However, the ten cents which I told you about a short time ago included only what we recommended—that is, that it be only the actual arrears in wages. It did not include severance pay and vacation pay; just what the wage-earner is actually out-of-pocket, and he should get that money immediately. An insurance plan is the best way of doing it.

**Senator Langlois:** Exclusive of fringe benefits.

**Senator Bosa:** I do not wish to appear to take issue with the honourable senator, but in the absence of such an insurance scheme at this time does he not think that the wage-earner might be better off with having some degree of security for his wages if he were put in the preferred secured class of creditor rather than having no security at all?

**Senator Hayden:** My friend must have noticed that the National Labour Council said that the insurance plan assured prompt payment which the priority of the wage earner over the secured creditor did not assure. I read that from the editorial in the Toronto Star. The National Labour Council submitted a brief to the Senate committee in 1975 when we were studying the original bill.

**Senator Forsey:** Might I ask the honourable senator a question? When he says the "National Labour Council", does he mean the Canadian Labour Congress? There used to be something called the "National Labour Council" which was a complete fake, and I think the quotation he gave referred to the Canadian Labour Congress.

**Senator Hayden:** It is a different council.

On motion of Senator Flynn debate adjourned.

## JUDGES ACT AND CERTAIN OTHER ACTS IN RESPECT OF THE SUPREME COURTS OF NEW BRUNSWICK, ALBERTA AND SASKATCHEWAN

BILL TO AMEND—SECOND READING

**Hon. Richard J. Stanbury** moved the second reading of Bill C-43, to amend the Judges Act, to amend an act to amend the Judges Act and to amend certain other acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan.

He said: Honourable senators, you have before you Bill C-43, which is a bill with a long title. Its short title is "An Act to amend the Judges Act and certain other Acts". It has two purposes: the first is to give effect to the restructuring of the court system in New Brunswick, Alberta and Saskatchewan. New Brunswick and Alberta have already passed the necessary legislation, and Saskatchewan is planning to do so during the spring session there. The purpose, of course, is to merge what were formerly the district courts with the trial division of the supreme courts, as many of us would know them, to form courts of Queen's Bench. That is not a new procedure in Canada. The Province of Quebec has had one superior court since Confederation; the Province of Prince Edward Island merged its courts some time ago. That course is open to any of the provinces. It is entirely within their jurisdiction to decide upon the structures that they want for their courts. They have decided that they wish to do this in these particular provinces, and the first purpose of this bill is to facilitate the restructuring of the courts in those provinces.

• (2110)

The second purpose of the bill is to renew the pool of judicial salaries. Honourable senators will recall that for many years each time one of the provinces wanted additional judges for one of their courts it was necessary for us to amend the Judges Act to give them that additional establishment. That was getting most difficult, because they were having to wait for long periods to get the necessary legislation through the Parliament of Canada. So in 1973 there was an amendment to the Judges Act to create a pool of judicial salaries that would allow the salaries to be available when the provincial legislatures determined that additional judges were needed in the various categories of courts.

What happens now is that because 17 of the judges whose salaries are provided for in the pool created earlier have indeed been appointed, it is now necessary to refresh that pool with additional salaries to bring it back up to the 34 appointments that are permitted before there has to be action by the Parliament of Canada.

There is one additional aspect to the pool, and that is that we are now suggesting that there be an addition of 15 judges for unified family courts. There are already in place unified family courts in Ontario, Saskatchewan and Newfoundland, but this would appear to be just the beginning of a trend in the provinces, so there is provision for a pool of 15 salaries for the appointment of unified family court judges also in the future.

Those are the two purposes of the bill. Perhaps I could leave it at that, unless there are questions. The purposes are straightforward, in the sense that they allow the provinces who have indicated their wish to do so to restructure their courts, and it also simply refreshes the pool of judicial salaries to allow the courts to continue asking for appointments and having the appointments made in accordance with the will of the Parliament of Canada, but without the delays that were customary some years ago.

**Hon. Jacques Flynn:** Honourable senators, the two purposes of the bill have been well explained by the sponsor, Senator Stanbury. The problem is rather technical. This text was, I think, preceded by another one, which was somewhat different, and I have some difficulty in finding out exactly what was first proposed and what was finally adopted by the House of Commons. For instance, the sponsor did not mention that there was any increase in the number of judges of the Court of Appeal of Quebec, and it seems to me that there was at least one proposal to add one judge to that court. I don't know about the other provinces. I cannot find it here. In any event, to expedite matters, I think we could give second reading to this bill tonight, because it is not controversial at all, and have the bill examined in committee tomorrow morning, if that is possible, if the sponsor is agreeable to that.

**Senator Perrault:** We will do our best to accommodate you.

**Senator Stanbury:** Honourable senators, as long as the Standing Senate Committee on Legal and Constitutional Affairs can handle it tomorrow, I think that is probably the right way to deal with the matter.

A short answer to the honourable senator's question, however, is that initially I think it was not clear that the numbers that show up as an increase are not really an increase in the number of judges. What it does is provide for the fact that the county or district court judges now become supreme court judges or judges of the superior courts.

**Senator Flynn:** In some of the provinces.

**Senator Stanbury:** One item which I did not mention before, which I think perhaps was involved in one of the earlier drafts, is the matter of salaries. This bill does not involve any increase in salaries. I think at one time there may have been some suggestion that it would involve some increase in salaries, but this bill does not increase salaries, except for the county court judges or district judges who are now attaining the status of superior court judges.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** When shall this bill be read the third time?

**Senator Stanbury** moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

**Senator Langlois:** Honourable senators, with leave, I should like to inform the Senate that arrangements have already been made for the Standing Senate Committee on Legal and Constitutional Affairs to consider this bill at 11 o'clock tomorrow morning in room 260-N, the reading room.

**Senator Flynn:** Arrangements have already been made. Very good!

**Senator Langlois:** They were made as you were speaking.

**Senator Molgat:** Just to respect your wishes.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE

**Hon. Eugene A. Forsey** rose pursuant to notice of Tuesday, February 13, 1979:

> That he will call the attention of the Senate to the Fourth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, tabled in the Senate on Tuesday, 13th February, 1979.

He said: Honourable senators, this may be the last chance I shall have to deal with this inquiry. It may also be the last chance I shall have to address any remarks on any subject to the Senate, so I should like to preface my remarks on the inquiry by saying that I feel very sorry that I shall shortly be

separated from the many friends whom I flatter myself I have made in the Senate, my colleagues who have "been to my virtues very kind, been to my faults a little blind," and who have showered upon me with immeasurable generosity, numberless kindnesses far beyond my deserts. I should like to add also that I hope that in some measure I have earned my keep while I was here.

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

**Senator Forsey:** This particular fourth report is a rather interesting one, because it is very different from any that the Standing Joint Committee on Regulations and other Statutory Instruments has submitted before. It calls attention really to what one might describe as a yawning gap, an abyss, a chasm, or alternatively as a cat's cradle of particularities.

● (2120)

I can summarize very briefly what the substance of the report is. For general commercial purposes, an importer of:

> "Men's and Boys', Women's and Girls', Children's and Infants' footwear other than rubber, canvas or waterproof plastic footwear and other than downhill ski boots . . ."

for general commercial purposes, an importer must rely on an individual permit from the minister and the granting of a permit lies entirely in the minister's discretion.

There are no ascertainable instruments or legal rules involved, and the committee feels that if import controls have become a feature of Canadian economic management there should be a set of rules more elaborate than those set out in a short statute and a skeletal set of regulations that will enable importers and retailers of goods to know what they face and can enforce what procedure they must follow and expect to be followed.

Now, honourable senators may think this is a trivial matter. It is not. Four or five years ago the number of permits involved was about 12,000. In particular, apparently, in the benign and salubrious and gentle climate of British Columbia, these permits have proliferated with a tropical luxuriance and the figure in 1977 I think it is, or 1978—the last figure we have—shows that the number has grown in these very few years from 12,000 to some 250,000 individual permits, and, apparently, from what one member of the committee very specially concerned with this problem has told us, importers are left in complete darkness as to whether they will get their permit or whether they won't, why they will get it or why they won't, and I even gather the impression that to some extent there was a certain amount of wangling going on about these permits.

Anyway, the situation seems to be extraordinarily curious and it seems very peculiar that transactions on this scale should depend entirely on the discretion of the minister or, in practice, I have no doubt, on the discretion of some of his officials. I can't imagine that the minister himself goes over every one of these 250,000 cases and says—well, more; these are only the permits that are granted—and says, "This one yes. That one no. This one yes. That one no." The opportunities for favouritism on the part of officials, the opportunities for partisan manipulation, are obviously very great. The situation has got to a point where the officials in the department themselves are rather alarmed by this lush jungle of permits and would be really rather grateful if the committee's report on the subject should lead to some legislation which would mean genuine regulation—proper, legal regulation of this whole situation.

I don't think there is very much more I need say about it. Honourable senators will observe that my swan song has been for once a relatively brief effort. I am sure they will be grateful for this. I have been, I know, far too loquacious during my time here, but I think that the situation really cries out—the situation revealed in this report really cries out for some kind of system, some kind of real policy, some kind of legal rules so that when importers of footwear want to get a permit to import they should know where to go and how to get it and not simply be left in the position of suppliants, mendicants going to the minister or some official and not having the faintest notion why they are going to get the permit or why they are not going to get it and what will happen to them if they don't get it, though in a good many cases what happens to them is that they go bankrupt, if I am correctly informed. The matter is a very serious matter to a large number of people, apparently, particularly on the Pacific coast and that is why I thought it was highly necessary to draw this matter to the attention of the Senate. I hope it has already been drawn by someone else in the other place to the attention of that august body.

I suppose now this is the end of the thing. It is possible that when the new Parliament meets somebody may do something about it. It is possible that, as I said the other day, we may have a somewhat rejuvenated government of the present party in office. We may have a new government. We may have a government of one party or the other which is dependent for a third or fourth party for its existence. And perhaps some of these things to which the Joint Committee on Regulations and other Statutory Instruments has drawn attention may be remedied. I sincerely hope so, but by that time I shall be the most private of private citizens and barely an obscure memory in this chamber and in the public generally.

**Senator Thompson:** May I ask the honourable senator a question? I did not catch what categories there were. Did you say footwear? Did you include imports of knit wear?

**Senator Forsey:** I will quote you the exact terms:

> "Men's and Boys', Women's and Girls', Children's and Infants' footwear other than rubber, canvas or waterproof plastic footwear and other than downhill ski boots . . ."

I should have added when I was quoting before:

> ". . . whether fully or partially manufactured."

I suppose that infants' footwear might include knitted bootees or something of that kind. I can't say. In general I think it is what we ordinarily think of as footwear, though not downhill ski boots. If you are buying ski boots of the kind that I would get to do cross-country skiing, apparently that is outside the purview of this altogether. But it appears to cover in general what we ordinarily think of as footwear. It does not

cover running shoes or rubbers or galoshes but it appears to cover most of what we ordinarily think of as footwear.

I think it would cover plastic footwear and imitation leather footwear, I don't know; possibly some of those curious papier-mâché boots that were supplied to the troops in the First World War. But I presume those are no longer being manufactured.

**Senator Thompson:** Is there any rationale for singling out footwear or does the same approach apply to coats, to men's pants and to a number of other areas? Why footwear?

**Senator Forsey:** I don't know. This appears to be the only matter that has been drawn to our attention, and this perhaps is simply that the other commodities have not come within the searchlight of the attention of Mrs. Simma Holt, who is a member of our committee, a very energetic member of the committee and who is really on fire about the kind of thing that has gone on on the Pacific coast in connection with this footwear business.

Judging by what she has told us—which nobody has seriously challenged, I might add—it is really a very serious matter for a large number of businesses there—and small businesses in most cases. Whether the same thing applies to some other articles of clothing, I couldn't say. It is quite possible that it does. But we have not had it drawn to our attention and we might not have had this drawn to our attention if it had not burned Mrs. Holt up.

• (2130)

**Senator Bosa:** Does the honourable senator know if this is a temporary measure awaiting the result of the GATT negotiations?

**Senator Forsey:** It has been there since 1974 or 1975, at least. No, I do not think it is a temporary measure at all. The new regulations under which this particular instrument which we are dealing with were a revision of the Import Payment Regulations of 1954. So I do not think it can have any appreciable connection with the GATT negotiations. There have been, perhaps, a series of GATT negotiations in the last 25 years, but this is something that, apparently, has been there for a very long time and I do not think it is a provisional or temporary thing at all. But apparently it has just gone on. It has growed like Topsy, and now even the officials are getting frightened.

**Senator Walker:** I hate to think that my distinguished friend is closing his career in this august body talking about children's footwear and mundane matters of that kind. If this is to be a swan song, will he give us a word of advice before he leaves and tell us what his impressions are on this place and what his plans are for the future. Of all the distinguished people we have had in recent years, there is no question that Senator Forsey is one of the most distinguished.

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

**Senator Walker:** I cannot help but look back on the enormous aid that he was to us all in fighting that iniquitous bill, Bill C-60. That showed the measure of the man and showed his independence and scholarliness. I hope he will have a chance before he does leave—and it will have to be before Friday—to give us somewhat of a swan song.

**Senator Riley:** I have heard a lot of projections on elections, but my understanding is that only one man can call an election, and the one who has mentioned next Friday is a former Prime Minister of Canada.

I am looking forward to Senator Forsey, with all his red ribbons, introducing another report to the Senate, and I hope that he has not been dragged into the conjecture that is being made on an election being called next Friday. I would think that no matter at what date he reaches age 75, he would be entitled to stay here until the dissolution of Parliament. I think he realizes that, and I am looking forward to Senator Forsey, not only presenting another report from the Joint Committee on Regulations and other Statutory Instruments, but to giving us a forceful speech about his career in the Senate.

**Senator Forsey:** Honourable senators, if I may be permitted to say a word in response to the very generous remarks from my two colleagues, a proof of what I said about the generosity and magnanimity of my colleagues, I would like to say two other things. One is that I am glad to be leaving before the signs of mental decay become as obvious to everybody as they are to me. The other is that, as far as my plans are concerned, the best thing for anybody to say in reply to that when one reaches my age is to quote the old Irishman who said, "There's people dying now that never died before."

**The Hon. the Speaker:** As no other senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 8 p.m.

# THE SENATE

**Tuesday, March 6, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report of the Minister of Industry, Trade and Commerce under Corporations and Labour Unions Returns Act (Part I, Corporations) for the fiscal periods ended in 1976, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

## JUDGES ACT AND CERTAIN OTHER ACTS IN RESPECT OF THE SUPREME COURTS OF NEW BRUNSWICK, ALBERTA AND SASKATCHEWAN

BILL TO AMEND—REPORT OF COMMITTEE

**Senator Langlois,** Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, March 6, 1979

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill C-43, intituled: "An Act to amend the Judges Act, to amend An Act to amend the Judges Act and to amend certain other Acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan," has in obedience to the order of reference of Monday, March 5, 1979, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Léopold Langlois,
*Deputy Chairman.*

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

**Senator Stanbury,** with leave of the Senate, moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

## HEALTH RESOURCES FUND ACT

BILL TO AMEND—REPORT OF COMMITTEE

**Senator Bonnell,** Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, March 6, 1979.

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-2, intituled: "An Act to amend the Health Resources Fund Act", has, in obedience to the order of reference of Wednesday, February 28, 1979, examined the said Bill and now reports the same without amendment.

Your committee, however, is concerned about the effect Bill C-2 would have on certain projects that were in progress on November 4, 1978. This is the date set out in the Bill after which the Minister would no longer be able to authorize payments under the Health Resources Fund Act to the government of a province in respect of a health training facility as defined in that Act.

Your committee is concerned that these projects will not qualify for assistance under the Act merely because the particular applications in respect of these projects were not received by the Minister prior to November 4, 1978.

Your committee, therefore, recommends that the Government consider alternative methods of providing financial assistance in respect of any such project that, but for the cut-off date set out in the bill, would have qualified for a contribution under the Act.

Respectfully submitted,

M. Lorne Bonnell,
*Chairman.*

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

**Senator Frith:** Honourable senators, tomorrow.

**Senator Flynn:** Do you mean that third reading will be tomorrow?

**Senator Frith:** I thought that was what was asked.

**Senator Flynn:** Yes, but the problem is in respect to the recommendation. Does the sponsor of the bill wish us to say something about the recommendation of the committee? This is very important because, as I listened to the report, there seemed to me to be something bothering the committee concerning the facts surrounding this bill. I think the question now arises whether this report and the recommendation it contains should not be adopted by the Senate and sent on to the House of Commons. Would not the sponsor of the bill prefer to have this question considered tonight rather than tomorrow?

**Senator Frith:** I feel, honourable senators, that either would be suitable. My inclination is to think that any debate or

comment on the recommendation would be more useful tonight. That will then leave us clear to debate the bill on third reading on the basis of contributions made to the record tonight.

**Senator Grosart:** Is the honourable sponsor of the bill suggesting that the report be taken into consideration?

**Senator Frith:** Tonight, yes.

**Senator Grosart:** You are asking for leave that it be taken into consideration tonight; is that correct?

**Senator Frith:** If necessary.

**Senator Grosart:** I am just wondering if the sponsor of the bill is familiar with our rules and particularly rule 78 which governs this situation and which requires that a report which requires implementation can only be taken into consideration on a day's notice. We are not arguing that point. I just want to be quite clear as to what is before us. If the honourable senator is now asking leave for the report be taken into consideration, then we know exactly where we are.

**Senator Frith:** I am not familiar with the rule. The question raised by the Leader of the Opposition was whether I thought it would be more advantageous to discuss the report, and particularly the recommendation that is part of the report, tonight rather than tomorrow, and prior to third reading. If I had known about the rule I would have assumed I would be granted leave. If technically I have to ask for leave in order to agree with the Leader of the Opposition's suggestion that we discuss the recommendation, then I consider it so asked for. Whatever is necessary to follow that suggestion I think we should do.

**Senator Bonnell:** Honourable senators, I should like to quote rule 78(2) which states:

> A report presented to the Senate shall be received without debate.

**Senator Roblin:** Read rule 78(5).

**Senator Bonnell:** Rule 78(5) states:

> When the report recommends amendments to a bill or makes proposals which require legislative implementation by the Senate, a motion to adopt the report shall be in order: Provided that where the recommended amendments or proposals which require legislative implementation are substantial, consideration of the report shall be postponed to a future day.

I do not believe that in this case we are asking for any legislative implementation. Therefore, I believe by our rules we are not entitled to debate this motion when there is no amendment made to the bill.

**Senator Roblin:** I am wondering what rule book my honourable friend is reading from.

**Senator Grosart:** It is a bit out of date.

● (2010)

**Senator Roblin:** One of us is mistaken here. I am looking at the Rules of the Senate of Canada, amended as of October 18, 1977, in which rule 78(5) is quite different. My version says:

> When the report recommends amendments to a bill, or makes proposals that require implementation by the Senate, consideration of the report shall not be moved unless notice has been given pursuant to rule 44(1)(e) or 45(1)(f), as the case may be.

On the point of order I suppose we should be asking ourselves whether the report requires implementation by the Senate, which seems to be the operative passage of rule 78(5).

I only listened to the report as read by the Clerk, so I cannot be entirely sure. It seems to me that it does require implementation if we are being asked to approve the special recommendation that will be made to the other place with respect to this bill. That would be my impression, although naturally I would be happy to listen to members of the Senate who are more familiar with the rules than I am.

**Senator McIlraith:** I wonder if I might say something about the rules?

**Senator Flynn:** Why not? Why do you wonder?

**Senator Walker:** He is an expert.

**Senator McIlraith:** The rule is that when a committee report is presented that does not propose amendments to the bill, nothing further need be done with it.

**Senator Flynn:** Oh!

**Senator McIlraith:** Just hear me out. If the Leader of the Opposition would be patient it would be helpful in arriving at a correct solution to some of these problems that arise in the Senate. If the report does not recommend amendments to the bill, then no further steps with regard to it need be taken other than presenting it. If it is wished to consider the matters recommended in the report that do not involve amendments to the bill, there are two methods of proceeding. One is to move for concurrence in the report. The other is to move under the latter part of rule 78(3), which says:

> —but may on motion be placed on the orders of the day for future consideration.

There are the two methods.

As I understand the report—and here I ask the indulgence of the Senate, because I only heard it read and have no knowledge of it other than hearing it read quickly here—it does not propose any amendments to the bill. Therefore, there is no need for any action whatever to be taken with respect to it, although the contents of the report would be debatable on the motion for third reading. The report having made recommendations rather than proposing amendments to the bill, there are two other possible motions that can also be made with respect to the report. That is the way I understand the rule. I think that is the problem before the Senate now.

**Senator Grosart:** On the point of order. I am quite sure the honourable senator is utterly confused, because he has apparently not read rule 78(5) very carefully.

**Senator McIlraith:** Yes, I have.

**Senator Grosart:** I will not argue. He kept saying that unless there is an amendment, the earlier rules apply. The important

passage is "makes proposals that require implementation," and I would suggest the implementation by the Senate that is required at this time is concurrence in the report. However, I do not think that is of any particular importance at this time. The sponsor of the bill, Senator Frith, has made it quite clear that he is prepared to ask for leave, and it is just a question of whether leave is granted.

There are very good reasons, I may say, on the point of order, why some of us, not only on this side, feel that there should be time to give further consideration to this report because there is information that has been given to some of us that the Government of British Columbia was completely dissatisfied with the attitude taken by the Government of Canada, and continues to be dissatisfied with the refusal of this committee to accede to its request to be heard. It is for that reason that I, for one, suggest that we have some time to consider this. I, for one, would like to read the committee proceedings, because I am speaking now only from hearsay. If the sponsor of the bill is asking for leave, I am quite prepared that it be granted, but on the condition that we have the opportunity to discuss the report tomorrow.

**Senator Langlois:** Honourable senators, it seems to me that we are asking Madam Speaker to perform a difficult task. The suggestion to consider the report on this bill this evening came from the Leader of the Opposition, and now opposition to that comes from that side of the house. We cannot ask Madam Speaker to put some accord in the ranks of the opposition.

**Senator Flynn:** We on this side do not have the cement-like cohesiveness that power provides.

**Senator Langlois:** You yourself suggested that we consider this report this evening, and now objection to that is coming from your own party.

**Senator Grosart:** No, not at all. I said I was quite prepared to have it considered tonight.

**Senator Langlois:** Yes, after you raised the point of order.

**Senator Grosart:** Of course. Surely the honourable senator realizes there is a great difference between rising on a point of order and then expressing one's views as to what should be done with respect to a particular bill. They are two quite different things.

I said I was not pressing the point of order, but it is well to have it on the record so that in future, should we be faced with a similar situation, we would know the meaning of the phrase "makes proposals that require implementation by the Senate." To my mind it is important that that be interpreted so that we know, in the event that we have a similar recommendation in the future, whether the Senate has the right to insist on consideration of the report. I am not pressing the point now, but there will come a time when it will be important that we know what that part of rule 78(5) means.

**Senator Frith:** Honourable senators, the two matters raised on the point of order were discussed at some length in the committee, and it seems I left the committee with a misunderstanding. I understood that the Leader of the Opposition at the committee hearing was concerned about the matters raised by his colleague Senator Grosart and that it was those concerns that led to the recommendation that was added to the report. As honourable senators will note, the bill was carried in its entirety.

I understand, also, there may be more than an academic interest in getting an interpretation of what "implementation by the Senate" means. I had thought that the deliberations of the committee led to the conclusion that the bill should be adopted without amendment, but that a recommendation be made to the minister, which recommendation was to be communicated to the minister by the chairman of the committee. That was my impression. It may be a wrong one, but that was my impression.

If that impression were correct, then implementation of the recommendation is not required by the Senate. That, of course, is something that can be the subject of a ruling. In any event, if we are going to have to ask for leave to discuss the recommendation this evening with the condition that we also discuss the recommendation tomorrow, then it seems to me a good deal of the advantage in what I understood to be Senator Flynn's suggestion is lost.

I am in the hands of both sides of the house on this. Perhaps we should just follow the rules strictly and give notice and do the whole job tomorrow. I am game to do it in whatever way we want to do it, in order to expedite consideration of the committee's report and third reading of the bill.

• (2020)

[*Translation*]

**Senator Guay:** Honourable senators, with your permission, I should like to put a question to the senator who introduced the bill in question, that is, did he present the recommendation of the committee in both official languages of Canada because, as read by the Clerk of the Senate, it was unilingual?

**Senator Frith:** Honourable senators, I am not the one who presented the recommendation. Of course, we are dealing with the report of a committee. However, since the question was directed to me and I cannot answer it, all I can say is that I would imagine it was written in English only.

**Senator Guay:** Honourable senators, I put the question to the honourable senator who presented the report, that is, Senator Bonnell and asked him whether it was tabled in one language only or in both official languages of Canada?

[*English*]

**The Hon. the Speaker:** Is the Honourable Senator Bonnell able to answer?

**Senator Bonnell:** Honourable senators, the report is in the translation stage at the present time. The French language copy will be here in a few minutes, if you will just wait.

**Senator Flynn:** Bravo!

**The Hon. the Speaker:** Does Senator Flynn wish to speak?

**Senator Flynn:** I don't know what the question is that is before the house. Are we dealing with a point of order, or a

motion to have third reading deferred until tomorrow? I think that is what Senator Frith moved.

There is, however, another problem involved here, although it can be solved very easily. The point is that when a committee report, in addition to saying that a bill should be adopted without amendment, contains a recommendation—and I think I have raised this point before—the recommendation should go forward to the House of Commons to tell them what we think about the bill. This is a technical problem, and I suggest that when the committee brings in such a report it should ask the Senate to concur in the recommendation; otherwise it is meaningless, because the committee cannot speak for the Senate. I would therefore suggest that Senator Frith should perhaps ask leave tonight to move concurrence of the Senate in the report.

**Senator Hayden:** A recommendation.

**Senator Flynn:** The recommendation is, of course, included in the report. I will not discuss that with my favourite friend opposite.

**Senator Hayden:** It is the recommendation that makes it necessary for the Senate to act on it.

**Senator Flynn:** Quite so. Whatever form it may take, I think we agree on the substance. If we were to make that motion—and we could discuss it later this day at the proper time—I think we would all agree, and we could have third reading tomorrow.

**Senator Lamontagne:** We will be here after midnight.

**Senator Flynn:** But you will not be here as usual.

**Senator Lamontagne:** Do not start to be unfair.

**Senator Flynn:** Well, I may not be here either. I think this is quite important. What does it mean if we bring in a report with a recommendation and we don't tell the House of Commons what our feelings are? The minister may conclude that this is the view of a committee of the Senate but not necessarily the view of the Senate. The other place may also conclude that this is only the view of a committee.

In a case such as that we should have a motion of concurrence in the report or in the recommendation, as was suggested. If the Senate doesn't agree with the committee, that is something else. In the present case I think it would in the substance, if not necessarily in the verbiage.

**Senator Frith:** Honourable senators, I do not think I should do that. I do not think that I should move anything except with respect to third reading of the bill, but I think it would be a good idea for us to discuss the recommendation, if there is a way for us to do so. Perhaps the chairman of the committee can explain that portion of it, because I really feel that I am beginning to take on the role that he should take.

**Senator Flynn:** I was not asking you particularly. I am quite sure Senator Bonnell would do that, since it met with his approval. If he does not, I am willing to move it. I am not hard to please. You know me.

**Senator Argue:** You are not bashful.

**Senator Frith:** I don't think that I should make that motion. I would rather stick with the motion that the bill be placed on the Orders of the Day for third reading tomorrow. I think that is the extent to which I should make any motion.

**Senator Forsey:** Honourable senators, may I intervene for a moment? I am a little surprised that this is a mere recommendation, and I wonder if it is a mere recommendation because the committee was under the impression that this was a bill which involved the expenditure of money.

I am informed by the Law Clerk that indeed that is not so; that he has checked this with the Clerk of the Table and with the Law Clerk of the other place. There was no royal recommendation; it is not a money bill and there was, therefore, nothing whatever to prevent the committee from recommending amendments if it wanted to. But apparently it may have acted under a misapprehension.

**Senator Langlois:** Honourable senators, to clear this situation, am I to understand that the Leader of the Opposition is coming back to his original suggestion that this report be considered later this day?

**Senator Flynn:** And concurred in.

**Senator Langlois:** And to which the sponsor of the bill has agreed, with leave. If leave is granted, let's go right ahead.

**Senator Grosart:** He just said he would not.

**Senator Flynn:** And I second your motion.

**Senator Bonnell:** Honourable senators—

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

**Senator Bonnell:** There is a motion before the house.

**Senator Flynn:** What?

**Senator Bonnell:** The motion before the house is that this bill be read a third time tomorrow.

**Senator Flynn:** No. No, that's not the motion.

**Senator Bonnell:** I understand that Senator Frith moved that the bill be read a third time tomorrow.

As I understand our rules, only one motion can be before the house at any one time. After that motion is disposed of, I am prepared to stand up and make a motion that we consider this or that or something else. We have a motion before the house and that motion must be disposed of one way or another.

**Senator Roblin:** Honourable senators, I really must say that this is a peculiar reading of the regular procedure of this legislative body that we have just heard from my honourable friend the chairman of the committee.

The point that some of us were trying to make is that the motion for third reading was out of order to begin with, for the simple reason that we are faced with rule 78(5), which has not been ruled on by the Speaker, which says that if the report requires implementation by the Senate—

**An Hon. Senator:** It does not require that.

**Senator Roblin:** It does. As I read the recommendation, it proposes not merely to accept the bill but it contains a recommendation.

How in the name of goodness can you expect those of us who are not members of the committee, who never heard anything about the report until we heard it read to us tonight, to deal with this matter unless at least we have an explanation from the chairman of the committee as to why the report contains the recommendation? I do not know why that is in there. That has to be explained to us. You cannot assume, because a committee has dealt with the matter, that that is the end of it or that the house has no interest in it. I cannot offer my opinion as being authoritative by any means, but to me the plain words "proposals that require implementation by the Senate" cover the recommendation that is in the report.

● (2030)

If this report had nothing to say to us but that the bill is reported without amendment, that is one thing and there is no dispute about that. But the committee has not done that. It has reported the bill without amendment, but it has also made a recommendation that requires implementation. My plain reading of that language is that some discussion of the report of this committee is now required, and it seems to me to fly in the face of reason to think that we should have third reading of the bill before we dispose of the report of the committee that studied the bill, and that has given the house its version of what is good or bad about the bill. The house must first make up its mind about the report itself.

Honourable senators, I suggest that until the report itself is dealt with, we are not in a position to discuss third reading. I would ask the chairman of the committee whether he is prepared to move concurrence in his report, at which time we can have a proper discussion on it.

**Senator McIlraith:** Honourable senators, I think we are unnecessarily getting into a dilemma here by discussing something that is irrelevant to the point before the Senate. There appears to be agreement that third reading take place tomorrow; there appears to be agreement that the report be discussed tomorrow. The rule read by the honourable senator who has just taken his seat, with all due deference, is not the rule that is relevant to this point.

The report before the Senate reports the bill without amendment, but makes certain other recommendations to the government or to a ministry, as the case may be. The two things stand independently. It is not necessary, if the Senate so chooses, to ever deal with the report. It can treat it with contempt, if I may say that, and not deal with it, or it may deal with it as it wishes. This is governed by rule 78(3) and not rule 78(5).

We have only one narrow problem before us, and that is the method of getting these two motions debated. Whether the motion for third reading tomorrow, by leave, comes first, or whether the motion for the future consideration of the report comes first, are completely different questions from the method of considering the whole matter that is before us. It is simply a matter now, one motion having been made, of its being impossible to move the second motion until the first is either withdrawn or disposed of by whatever means. The Senate can either ask that it be withdrawn until the second motion is put for consideration of the report, or it can adopt it and have the other motion put for consideration tomorrow. It can debate the items on the order paper in whatever sequence it wishes or, indeed, it can pass the bill now which has not been unknown and proceed to consideration of the report weeks after the bill has been passed, but I do not suggest that in this particular case.

These are two independent matters, and the sequence of putting the motions is the only point properly before the Senate at the moment. It is obvious two motions cannot be put at the same time. One has to be put ahead of the other, either by agreement or by withdrawing the one and letting the other stand. The sequence of putting the motions is of no consequence to the Senate.

**Senator Flynn:** I think the problem is more technical than anything else. Nobody has to move that the bill be read the third time tomorrow. A day's notice has to be given. That is quite different. It is because of our practice that we move that third reading take place tomorrow. In fact, the sponsor of the bill just has to say he gives notice he will be moving third reading tomorrow. He does not need the approval of the Senate to do that. And if Senator Frith does so move, instead of the usual motion which is the practice, and which is wrong, I have no objection. Rule 45(1) (f) says:

> One day's notice shall be given of any of the following motions . . .
>
> (f) for the adoption of a report from any standing committee;

The report of a committee with a recommendation I submit, requires one day's notice. So that if we are all in agreement, I will give notice that I will move that the report of this committee be considered for adoption tomorrow. But if you wish us to give leave to proceed tonight, then we will proceed tonight.

**Senator McIlraith:** Honourable senators, on a point of clarification, I understood the honourable opposition leader to say earlier that he was prepared to give leave for discussion of the report later this day.

**Senator Flynn:** For the adoption of the report.

**Senator McElman:** Honourable senators, I am seeking information. My recollection is that the Banking, Trade and Commerce Committee, through its most able chairman, has often brought reports to the Senate which did not call for amendments to bills that had been under study, but which did contain strong recommendations as to certain courses of action the administration might consider. It is also my recollection that those reports were laid on the Table without debate, and that the chairman of the committee on the following day, at the third reading stage, dealt, often at some length, with the proposals that would go forward as recommendations.

That is my recollection, but if I am in error, then I am asking to have my memory refreshed. Perhaps the chairman of that committee could give us some guidance and direction because we certainly do have precedent in reports that have been brought forward by his committee on many occasions.

**Senator Flynn:** Honourable senators, while the chairman is thinking of the reply he should give to this question, perhaps I might help Senator McElman by reminding him that there is a distinction between the report of a committee studying the subject matter of a bill and a report made on the bill itself. When you study the subject matter of a bill, you make recommendations for amendments to be brought in preferably in the other place and on the initiative of the government. But when you bring in a report with some amendments, then it has to be approved by the Senate.

**Senator McElman:** Excuse me, but the Leader of the Opposition is developing a different situation. There have been, in my recollection, bills that have been referred to the Standing Senate Committee on Banking, Trade and Commerce—and here I am referring to bills, not to the subject matter of bills—and the committee in its consideration of them has felt that certain amendments would be desirable but due to the exigencies of time constraint, or for other reasons, it has submitted a report to the Senate containing recommendations that certain amendments be considered when further amendment of the particular legislation is contemplated. In such a case the committee had a bill before it and it made recommendations, not amendments. It is in those circumstances, I would suggest to the Leader of the Opposition, that we have precedent to follow. I would like to have my memory refreshed as to how we handled those reports, so that we can follow what we have done in the past.

• (2040)

**Senator Flynn:** It is not the same thing at all. In this case we are not saying that the government should amend the legislation in the next session, as in the cases you have outlined. We are saying that the government should take action now to correct it in ways other than by amendment to the legislation.

**Senator Bonnell:** Honourable senators, as I understand it, there is a motion before the Senate that we have third reading tomorrow.

**Senator Grosart:** With leave.

**Senator Flynn:** If Senator Frith wants to say that he gives notice that he will move third reading tomorrow, there is nothing we can do about it.

**Senator Bonnell:** Let me go a little further.

**Senator Flynn:** You do not need to.

**Senator Bonnell:** Perhaps I do not need to, but, honourable senators, as I understand it, the Speaker asked, "When shall this bill be read the third time" and Senator Frith stood up and said, "Tomorrow."

**Senator Flynn:** He gives notice.

**Senator Bonnell:** After that happened, a controversy took place with regard to the legality, the rules and regulations, points of order, and so forth, and we are still in the process of discussing that. There is no reason why we cannot discuss this report. I would love to discuss it. But I want to do it in order, in the proper time, and so that we will not set a precedent which might lead the Senate astray for the next generation.

Therefore, honourable senators, let us carry that motion; and after it is carried I will be prepared to move that we take this report into consideration now, later this day, or next year.

The point is that I am prepared to do it now or later this day. It would be a great opportunity for me to tell honourable senators who did not have the privilege of being present at the committee meeting about the wonderful witnesses we had, the great presentation made by the minister, and the many worthwhile questions asked by honourable senators. It was a terrific meeting, and I am sorry that the honourable senator was not there. Despite all that the honourable senator says tonight that he had no opportunity to participate, that committee meeting was open to him, and to any honourable senator. Senator Flynn attended and he certainly added to the proceedings. I do not want any honourable senator to feel that he would have been ruled out of order had he attended the committee meeting. It was an open meeting. The press was there, as well as the minister. I would love to discuss the report, but I want to do so in order. I want to know the proper procedure, following which I will be prepared to discuss the report.

**Senator Smith (Colchester):** Honourable senators, I do not know whether I can make any contribution to the discussion, but I would like to find out something. As I listened to the very distinguished Senator McIlraith, he said it was rule 78(3) which applied to this particular report. However, for the life of me, I cannot follow that, because it simply says:

> A report which by its own terms is for the information only of the Senate shall be laid on the table—

Surely this report is more than something for the information of the Senate. First, it reports a bill; secondly, it presents the Senate with certain recommendations, which do not amount to anything unless the Senate accepts them.

I presume, without really knowing the exact meaning of "implementation" here, that if it does accept them it is implementing them in the sense that it is sending them across to the other house. So it seems to me that it really comes under rule 78(5), and that the recommendations do require implementation if we are going to do anything at all about them.

If this report has all the great attributes which the chairman says it has, one would almost think that we should hear about them before we debate whether or not we are going to give third reading to the bill. If what went on in committee is relevant—and one would suppose it was highly relevant—to the merits of the bill, then if we are going to discuss and consider the merits of the bill, we should know what was said.

**Senator Frith:** Honourable senators, I wonder if I might be allowed to clear myself on this matter. Perhaps I do not fully understand the rules—and I must say, as a relatively new boy

here, that I have found the entire discussion very edifying—but rule 78(4) says:

When a committee reports a bill without amendment—

So far I think we are okay. The committee reported the bill without amendment. The rule continues:

—such report shall stand adopted without any motion—

So far that seems clear.

—and the senator in charge of the bill—

I understand that is myself. I shall be glad to be corrected if I am wrong.

—shall move that it be read a third time—

Which is what I thought I did. Is not that right?

**An Hon. Senator:** That is right.

**Senator Frith:**

—on a future day.

We all agree that tomorrow is "a future day." Well, I believe I have done everything I was supposed to do, and I stand by what I did.

**Senator Grosart:** Honourable senators, as I may have raised the point of order originally, perhaps I could make some comments because I think it is important that we clarify this particular situation. The first point to which I would call the attention of honourable senators—and particularly that of Senator McIlraith—is that rules 78(1), 78(2) and 78(3) do not refer in any way to a report on a bill. They are very clear that they refer to reports of committees not on bills, and rules 78(4) and 78(5) refer to reports of committees on bills.

I admit that the matter is subject to varying opinions. My own opinion is that rule 78(5) qualifies rule 78(4), but I am not going to push that point at the moment. Sooner or later it will have to be determined whether rule 78(4) covers a report of a committee to which is attached a recommendation. I was thoroughly convinced by the comment of Senator Hayden, who said the recommendation brings it before the Senate for implementation. Surely that is a reasonable interpretation if a committee recommends some action. If we read the rules we shall find that "action" means to do anything or say anything for the Senate. That is my suggestion, but I will not argue that point.

● (2050)

Perhaps the time has come for a ruling from Her Honour the Speaker on this, because the point will come up again. In the meantime, the situation, as I understand it, is that Senator Frith has moved that the bill be read the third time tomorrow. I believe the motion is not in order because rule 45(1)(b) qualifies it completely by saying:

One day's notice shall be given of any of the following motions . . .

(b) for the third reading of a bill—

Therefore, if the motion is that the bill be now read the third time, I respectfully suggest that only notice can be given. If not, what is rule 45 all about?

**Senator Langlois:** But it is for tomorrow.

[Senator Frith.]

**Senator Grosart:** Rule 45 says notice shall be given. If it is the intention of Senator Frith to ask leave to proceed with third reading without one day's notice—in other words, to suspend our rules—then I am prepared to consider that. I am not sure what my decision will be because I still believe the proper course of action, the sensible, reasonable course of action, would be to move concurrence in the report so that the report can be discussed. I can see nothing wrong with that. Certainly, if the original motion is withdrawn and a motion for concurrence in the report is moved, whether leave is required or not under rule 78(5), I will be prepared to give leave. I am not prepared to give leave for third reading, nor, indeed, am I prepared to give leave even for notice of third reading.

**Senator Langlois:** I do not want to prolong the debate on the point of order, but the question put by Her Honour the Speaker was: "When shall this bill be read the third time?". There was no motion for the adoption of the report or for consideration of the report. In reply to that the sponsor of the bill said, "Tomorrow."

**Senator Grosart:** A point of order has been raised that that is not in order.

**Senator Lang:** Question!

**Senator Langlois:** The motion was that the bill be placed on the order paper for third reading tomorrow. If that is not notice, I don't know what notice is.

**Senator Lang:** Question!

**Senator Flynn:** I would say to you, Senator Lang, "Don't push it! Don't get excited." When you say, "Question!", you say, "Just don't consider the points of order that have been raised." I would say that that is not the way to end a debate. If you have any judgment you should know that.

**Senator Bonnell:** Honourable senators, to assist Her Honour the Speaker in making a decision on the point of order, I should like to clarify the situation.

**Senator Grosart:** Make sure you have the right rule book in front of you.

**Senator Bonnell:** There is no doubt that what Senator Frith did was in order. He made a motion according to rule 78(4). The doubt only arises under rule 78(5), which contains the phrase "proposals that require implementation by the Senate." That is where the doubt comes in. When there is doubt then, according to our rules, we go by precedents. The precedent has been set here since 1867.

**Senator Flynn:** Of course, you were here.

**Senator Bonnell:** In fact, just a few weeks ago on November 20, 1978, the Standing Senate Committee on Health, Welfare and Science presented its report on the Old Age Security Act, and I should like to read that report to you so that you can see how the Senate disposed of it.

**Senator Flynn:** And we will all fall asleep.

**Senator Bonnell:** I will read the report. You will notice that in this case it is Bill C-5 instead of Bill C-2, but that is the only change:

> The Standing Senate Committee on Health, Welfare and Science, to which was referred Bill C-5, "An Act to amend the Old Age Security Act", has, in obedience to the order of reference of Monday, November 20, 1978, examined the said bill and now reports the same without amendment.
>
> The committee nevertheless strongly recommends that the Government consider the advisability of introducing at the earliest possible opportunity an amendment to this bill that would have the effect of making clause 2 of the bill retroactive to November 1, 1978.

Honourable senators, that bill went on to third reading the same day, according to the rules, and that is the precedent to this day.

If Her Honour the Speaker wishes to make a ruling on her own, that is fine, but I would suggest that how we deal with recommendations by committees is a matter we should debate at another time. In the meantime I think we should carry on in an orderly fashion, as we have done since 1867, and go on to third reading tomorrow.

**The Hon. the Speaker:** Honourable senators, under rule 78(4) I must put the question again.

It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be placed on the Orders of the Day for third reading tomorrow. Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Carried.

Motion agreed to.

**Senator Bonnell:** So that honourable senators will have an opportunity to understand what the committee meant when it made this report I should like, with leave, to put this report on the order paper for discussion later this day. I ask that so we can discuss the report without breaking the precedents.

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** No.

**Senator Grosart:** Later this day?

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Senator Grosart:** No. Honourable senators, I will not give leave for the discussion of a report of a committee after a motion has been made for third reading. I positively refuse to grant leave, just as a matter of respect for the rules and procedures in this house.

**The Hon. the Speaker:** Honourable senators, do you not think the report could be discussed after the motion for third reading has been put?

**Senator Flynn:** At any rate, leave has not been granted.

**The Hon. the Speaker:** Well—

**Senator Bonnell:** Do I understand that one senator objects to hearing how the problems of some of the provinces are being dealt with?

**Senator Grosart:** Yes.

**Senator Flynn:** Not only one. There are many on the other side who object as well.

**Senator Bonnell:** They object? Perhaps we should have a vote, if there are many who object.

**Senator Roblin:** Let me make my position clear, honourable senators. I will not give leave either, and I will explain why I will not give leave. I think I am entitled to do that.

**Senator Lang:** Order!

**Senator Roblin:** I was not a member of this committee—

**Senator Lang:** Order!

**Senator Roblin:** I beg your pardon?

**Senator Lang:** Order!

**Senator Roblin:** Madam Speaker is the only person here who is entitled to call me to order. If she chooses to do so, I will pay attention to her. So far as you are concerned, I will keep on with what I have to say, and what I have to say is this: I am not a member of this committee. I have a number of other committee meetings to attend and in spite of the generous invitation of my honourable friend the chairman of the committee I do not think it is reasonable to expect senators to attend meetings of all the committees that they may not be members of.

That is just a debating point to which we will give the credit it deserves, but what I have in mind is this: A report has been presented to the Senate tonight raising some objections to a bill. There must have been a substantial reason for that. We are being asked now, if we follow the course that has been recommended, to approve the bill anyway on third reading regardless of what the exceptions are and with no opportunity to amend the bill on third reading since we do not know what the cause at issue is. I suggest to this house that it does not make any sense for us not to discuss the committee report before we debate the bill. However, we have gone over that.

● (2100)

What I also suggest is that it is not really sensible to ask members of the house to debate the committee report—which is what would happen if my honourable friend had his way—when we have not seen it. It has been read to us, but we have not seen it and we have not had any opportunity to study it. I, for one, think that it does not make sense to proceed with a discussion of this committee report under these circumstances until we have a chance to read it. That is the reason why I do not think we should proceed with it now.

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

**Senator Argue:** Next sitting.

**Senator Roblin:** Next sitting.

## CONSERVATION OF ENERGY SUPPLIES

### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Hayden** moved, seconded by Senator Laird, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject matter of the Bill C-42, intituled: "An Act to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada," in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

## THE SENATE

### THE GENTLEMAN USHER OF THE BLACK ROD—QUESTION

**Senator Lang:** Honourable senators, I have tried without success to contact the Leader of the Government by telephone, so I am afraid I will have to put my question to the Acting Leader of the Government tonight. I shall try to be brief in my preamble, but it is a question that is of prime concern to the Senate. We are all aware that we have been served well during the past few years by the Gentleman Usher of the Black Rod, Mr. Vandelac. We know, too, that he reached retirement age some few months ago and that he has stayed on by virtue of his devotion to carrying out his functions. However, this situation cannot continue for too long, and I am very concerned as to his replacement, how he will be chosen and when. I would be happy if Mr. Vandelac could stay with us for many years, but I am afraid that under legislative sanction his term is somewhat limited.

My question to the Acting Leader of the Government is this: Is a replacement for Mr. Vandelac as Gentleman Usher of the Black Rod under active consideration? If so, what considerations are being taken into account as to his replacement, and what are the qualifications of that person? Is that replacement to be dictated by the executive or is it to be decided by the Senate through its normal processes, which would be a recommendation of the Internal Economy Committee to the Senate?

Honourable senators, I am asking this question because, quite frankly, the Gentleman Usher of the Black Rod is one of the most important officers in the Senate. He is a senior executive officer, and I feel that it is absolutely of prime importance that we ourselves, through our committee systems and recommendations, should decide who Mr. Vandelac's successor will be. We might end up with a replacement that could never emulate his excellence.

**Senator Langlois:** Honourable senators, before answering this question, I should like to join with my honourable friend in his commendation of the good services performed by Mr. Vandelac.

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

**Senator Langlois:** As far as his replacement is concerned, I must inform the house that I have no official information in this respect. However, in answer to the second part of the question, I should say that the appointment of a successor is the prerogative of the Prime Minister. That has been a practice of very long standing, and I do not think that the Internal Economy Committee would have anything to do with it.



**Senator Lang:** May I ask a supplementary question? Is there any legal authority for the appointment of the Gentleman Usher of the Black Rod being the prerogative of the Prime Minister extant? Are we to abide by a custom which may be long outdated?

● (2110)

**Senator Langlois:** I could check on this. As I just said, my understanding is that according to practice of very long standing this appointment comes under the Prime Minister.

## AIR CANADA

### TELEPHONE SERVICE AT MONCTON AIRPORT—QUESTION

**Senator Norrie:** Honourable senators, I should like to put a question to the Acting Leader of the Government. Before I ask the question, I should like to tell you a few things concerning the matter that is bothering me. Today I was coming here on a plane sitting beside a nicely dressed middle-aged gentleman. He was on his way to Montreal to receive a kidney transplant. He had been called at 7 o'clock the night before to get to Montreal immediately. He tried to get in touch with Moncton airport from 7 o'clock until midnight but could get no reply whatsoever. He therefore left it until the morning and called again at a quarter-past six. The plane for Montreal leaves Moncton at 8 o'clock, and when he couldn't get a reply to his call he went right out to the airport, and fortunately was able to get one of the two or three empty seats available.

I was very upset about the whole incident. There was apparently no means by which this man could get an emergency call into the airport. I called Montreal airport just before the Senate sat tonight and spoke to a gentleman—I suppose he was a gentleman, although he did not act like one—and I asked if there was any way of getting in touch with Moncton airport from 7 o'clock at night until midnight. He said, "Of course there is. There is no question about it. That airport is supposed to be open. He could have done so if he had rung the right number." I then said that I would like to speak to somebody who could give me the information that I needed, that the man I was referring to was a very truthful, fine man who could be trusted to call the right number. I asked, "Would you give me the number of somebody I can call, even the president." The man I was speaking to said, "Are you kidding?" I replied, "No, I am not kidding." He then said, "Well, I'm not wasting my time talking to people like you." That is what he said.

I immediately hung up, called again and got in touch with a lady, a real lady, who told me that of course it was a terrible thing, but that the Air Canada phone is closed from 7 o'clock at night until 7 o'clock in the morning, and there was no way that anybody could have got in touch with them except by calling Montreal or Ottawa, which I think have the same number after hours.

There was no emergency telephone number to call at Moncton airport, and on behalf of the ordinary citizens around Moncton, which is a very big area, I should like to know why there is not some service available to them in an emergency. That man was over a barrel. Luckily, I think he has now had the operation, because I think there are only a few hours available during which a kidney can be transplanted.

**Senator Langlois:** Honourable senators, I understand, due to the complexity of the question, that the honourable senator does not expect me to answer her tonight. However, I will undertake to investigate this matter very closely and provide her with an answer at the next opportunity.

I might say that in the province of Quebec a service is provided by the provincial government, in the case of such an emergency, on the recommendation of a hospital or the doctor attending the patient. The province provides, at any time of the day or night, provincial aircraft to take patients to the hospital. This facility has been in existence for a long time in my province.

**Senator Norrie:** Thank you.

## INDIAN AFFAIRS

### REPORTED INFANT DEATHS ON NORTHERN ALBERTA RESERVES—QUESTION

**Senator Haidasz:** Honourable senators, I should like to ask the Acting Leader of the Government whether he is able to give us some information tonight about the reports of several infant deaths that have occurred on two northern Alberta Indian reserves.

**Senator Langlois:** Honourable senators, I have heard of press reports about these deaths on Indian reserves in northern Alberta. I shall inquire from the Department of National Health and Welfare and provide the information at a later date.

## HEALTH, WELFARE AND SCIENCE

### HEALTH RESOURCES FUND BILL—REPRESENTATIONS TO COMMITTEE—QUESTION

**Senator Smith (Colchester):** Honourable senators, I should like to direct a question to the Chairman of the Standing Senate Committee on Health, Welfare and Science. My question is whether, in relation to the hearings on Bill C-2, in respect of which he reported tonight, there were any persons—

**Senator Riley:** You are out of order.

**Senator Smith (Colchester):** Look at rule 20 and you will find out whether or not I am in order.

Were there any persons who wished to be heard during that hearing who were not in fact heard, to the knowledge of the chairman?

**Senator Flynn:** Not to his knowledge.

**Senator Bonnell:** Honourable senators, in the first place, I do not believe that I have to answer any question. I think questions can only be directed to the Leader of the Government or the acting leader. However, I should like to answer the question.

**Senator Flynn:** Do it.

**Senator Bonnell:** Yes, we had requests from the Province of British Columbia, from the Minister of Health and, I believe, the Minister of Education, but no decision was made by our committee to hear them.

**Senator Smith (Colchester):** On the question whether I am in order, I should like to refer the distinguished chairman of the committee and Senator Riley to rule 20(1)(c), which says:

> When the Speaker calls the question period, a senator may, without notice, address an oral question to
>
> (c) the chairman of a committee, if it is a question relating to the activities of that committee.

**Senator Flynn:** He has to learn.

**Senator Bonnell:** That's fine. I am prepared to answer questions.

**Senator Smith (Colchester):** That is all right. You answered it very nicely, and I appreciate it.

• (2120)

[*Later:*]

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask a further question of the Chairman of the Health, Welfare and Science Committee. He has been kind enough to inform us that certain persons who wished to be heard by the committee were not heard. I wonder if he would also be kind enough to give us the reasons for that decision by the committee.

**Senator Bonnell:** Honourable senators, the main reason behind the decision of the committee was the fact that Bill C-2 involved an amendment to a federal statute. The Health Resources Fund Act was not the subject of a federal-provincial agreement. The purpose of Bill C-2 was to terminate the Health Resources Fund a year and some months ahead of its original expiry date, and certainly in light of that it was felt by the committee that every province would probably object to its passage. It was the feeling that we had nothing further to learn from the provinces. We had received a brief from one province outlining their objection and we had the response of the Minister of National Health and Welfare.

**Senator Flynn:** Is it always the attitude of your committee to refuse to hear those who oppose passage of a bill? Perhaps you don't want them to change your mind.

**Senator Forsey:** It reminds me of the Irish magistrate who said he never listens to the defence. He finds it confusing.

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask the leader of the committee—

**Senator Flynn:** No, he is not the leader. He is following the instruction of his leader.

**Senator Smith (Colchester):** I apologize for having used a title which was not strictly correct. I should like to direct a further question to the chairman of the committee.

Is it your view that such refusal is in accord with the regional duties of the Senate?

**Senator Bonnell:** Honourable senators, I can only answer that by saying we did not refuse to hear the provinces. A motion was made to the effect that we report the bill without amendment, and that motion carried. Given that the motion carried, I saw no reason to try to overrule it.

**Senator Smith (Colchester):** That is not a refusal. I still would like the chairman of the committee, if he would, to answer the question. Does he consider that such a decision, whether by motion or otherwise, is consistent with the regional responsibilities of the Senate?

**Senator McIlraith:** That would be a reflection on other members of the committee.

**Senator Smith (Colchester):** It is not a reflection on other members of the committee. It is a straightforward question and one which no one seems to want to answer.

**Senator Flynn:** Silence is a good answer.

## THE ECONOMY

NATIONAL COMMISSION ON INFLATION—TERMS OF REFERENCE AND REPORTING PROCEDURES—QUESTION

**Senator Roblin:** Honourable senators, I should like to address a question to the Acting Leader of the Government about the Centre for the Study of Inflation and Productivity. Could he tell us why it was abolished, and what is expected of the National Commission on Inflation that will take its place?

**Senator Langlois:** I think this information was contained in the statement made in the other place by the Minister of Finance a few days ago. I will inquire if that statement covered all the points raised by the honourable senator, and provide whatever information needs to be added to that statement by the Minister of Finance.

**Senator Roblin:** I agree that there has been some press information about the minister's statement, and I have a copy of some of it in my hand. When the acting leader makes his inquiry, would he also obtain for us the terms of reference of the National Commission on Inflation, so that we may know what it is supposed to do?

Perhaps he could also explain to us why a change has been made in the reporting procedures of the two bodies. I refer to the fact that the original body, the Centre for the Study of Inflation and Productivity, made its reports direct to the public, whereas, if my information is correct, in the case of the National Commission on Inflation the reports are made to the minister. It seems to me that if the new body is to succeed in its function of promoting public understanding of the inflationary process and its implications for the economy, it would be wise if those reports were made to the public rather than filtered through the minister's hands.

**Senator Langlois:** I shall take those two questions as notice.

[Senator Flynn.]

## BANKRUPTCY BILL, 1979

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hayden, seconded by the Honourable Senator Laird, for the second reading of the Bill S-14, intituled: "An Act respecting bankruptcy and insolvency".—(*Honourable Senator Flynn, P.C.*).

**Senator Flynn:** Honourable senators, I do not think it would serve any purpose for me to speak to this bill this evening. I am quite sure the Chairman of the Banking, Trade and Commerce Committee is not yet ready to consider the bill, and perhaps will not be until next week. It is therefore my intention to have the matter stand until next week—possibly Monday, Senator Langlois?

**Senator Langlois:** If you wish to be here Monday for a change, that's fine.

**Senator Flynn:** I merely want some indication from you as to when we might sit next week.

**Senator Langlois:** I am always ready to accommodate my honourable friend.

**Senator Flynn:** Will we be sitting Monday or Tuesday?

**Senator Langlois:** I will do my best to accommodate my honourable friend's wishes.

Order stands.

## SPORTS

CANADA WINTER GAMES, BRANDON, MANITOBA—DEBATE ADJOURNED

**Hon. William J. Petten** rose pursuant to notice of Wednesday, February 28, 1979:

> That he will call the attention of the Senate to the Canada Winter Games held at Brandon, Manitoba, from 12th to 24th February, 1979.

He said: Honourable senators, the Canada Winter Games were held at Brandon, Manitoba, from February 12 to 24 last, bringing together some 2,500 athletes from the various provinces and territories. I was very fortunate in having the opportunity to attend these Games during the second week of competition. The enthusiasm and dedication of the participants and the support staff was fantastic as they vied for the medals—gold, silver and bronze. However, what struck one most forcefully was the friendships that developed, both on and off the various fields or courts of endeavour. From the east, west, north and south, good fellowship prevailed throughout. Friendships were made that I am sure will endure. One could not attend the Games without being caught up in the enthusiasm and goodwill that was so much in evidence.

My wife and I, while not participants, were running many 220 and 440 yard dashes in order to attend the various events.

The Province of Manitoba and, particularly, the citizens of the Brandon area, did an outstanding job of hosting the

Games. More than 3,000 volunteers conveyed a heartwarming and smiling welcome to all visitors. Long hours meant nothing to them. To give you an example, one lady was on duty each day from eight in the morning until ten in the evening. She was only one of many.

On the Manitoba automobile licence plates are the words "Friendly Manitoba." That is an understatement. Friendly, yes; but I would add warm and hospitable. They are just great people.

Throughout the Games, as I have said, the competition was keen but friendly. The province of Quebec was the overall winner, and their athletes are to be congratulated for their fine showing. All the other provinces and territories may well be proud of the efforts put forth by their representatives.

The Yukon won the Centennial Cup for the most improved group over the Winter Games held at Lethbridge, Alberta, in 1975. My congratulations to them.

My province of Newfoundland was runner-up to the Yukon Territory on the improvement list. Newfoundland, for the first time, had participants in every event.

I should like now to expand on the participation of the Newfoundland athletes. A gold medal went to Christine and Dominic Pike of St. John's in the Junior Dance competition in figure skating. A brother, Robert, also participated and acquitted himself well. A silver went to the men's curling team made up of Mark Noseworthy, Brian Stacey, Eugene Tricket and Terry Piper of St. John's. One bronze went to Noel Murphy of St. John's for judo, and another to Karen Furlong of St. John's for racquet ball. Kathy Wells of Springdale took fourth place in table tennis with 40 wins out of 45 games, and Kathy Parsons of Portugal Cove finished fourth in the racquet ball competition. Those are just a few examples. All our athletes played a part in improving our overall standing.

• (2130)

Some 11 parents from Newfoundland journeyed to Brandon to see their sons and daughters compete. Two of these parents were Mr. and Mrs. White of Stephenville on Newfoundland's west coast. They came to see Inez, 10, and Scott, 14, who participated in figure skating. They had not seen Inez and Scott since Christmas when the children had gone to St. John's for coaching in figure skating and to attend school.

The Newfoundland mission staff, consisting of Jane Rattray, Adrian Miller, Cy Hoskins, Sandy Hickman, Robin Scott and Cec Soper, and led by Bob Hillier, did an outstanding job. To the participants, coaches and staff I say, "Well done," and, in saying that they will understand, "Long may your big jib draw."

The CBC television coverage of the opening and closing ceremonies was first rate. However, the daily coverage left a lot to be desired. In this thought I am not alone. Daily coverage consisted of 15 minutes at 11.45 p.m. in Ontario, and later in Atlantic Canada. This time of viewing certainly did not do anything to enable young Canadians to see their friends and neighbours participating in the competition.

The Games, in my view, contribute greatly to national unity, for the fine young athletes who take part are our leaders of tomorrow. What better way to promote understanding, to get to know each other better, than through the Games, both winter and summer?

The CBC, I feel, had the responsibility, as the national network, to enable the folks at home to view these competitions and to see the friendly atmosphere that was prevalent throughout the Games. Is it not part of the role of our national network to provide to Canadians, wherever they live in this great country of ours, the opportunity to view events of this type? CBC has the capacity to do the job. They have proven this on many occasions. Why not this time? This was "Canadian content" in a style and of a calibre that far exceed so much of the current material being telecast. I deeply regret that the CBC failed to give appropriate coverage to this spectacular event.

Honourable senators, it was both a pleasure and a privilege to be present in Brandon for the Canada Winter Games and to participate in the happy and friendly atmosphere that prevailed there.

**Hon. Duff Roblin:** Honourable senators, I am delighted that my honourable friend from Newfoundland broke the ice, because he can say those things about Manitoba much more eloquently than I can, since I am a native of that province. I do appreciate the fact that he refrained from telling us that the weather was about the coldest we have had in Brandon, Manitoba, for many a long year, and I am really delighted that so many Canadians from outside our province were able to stand up to the rigors of a Manitoba winter during the course of these Games.

**Senator Langlois:** They say Labrador is colder.

**Senator Roblin:** Well, Labrador has its points.

**Senator Petten:** It was due to the warmth of the people.

**Senator Roblin:** I am coming to that. Brandon is a rather small place as cities go—it has about 35,000 people—and to mount the Canada Winter Games in that community represented a very ambitious undertaking for the people of the area. What carried them through, I think, is something that I notice in my contact with people in Canada generally, but particularly with regard to my fellow citizens in Manitoba, and that is that they have nothing to learn about the voluntary spirit, because so much of what was done in those Games was done by volunteers, both from Brandon and from the countryside around about it. They performed, certainly, in a way that one would expect.

I was particularly touched, honourable senators, to have Senator Petten speak to us of the friendliness of the people, because if there is anyone who is a good judge of friendship and warmheartedness, it has to be our citizens of Newfoundland. Any time I have been there they have certainly outdone themselves in expressing their pleasure at visitors coming to that delightful island. I am glad to hear that that feeling of friendliness, which I think we identify with ourselves, was

recognized by at least one visitor and, I am sure, many others, during the course of those very successful Games.

As we have just been told, this was, of course, a Canadian occasion. We Manitobans were lucky to be at the centre of it, but it was a Canadian occasion, and I am sure a lot of us got a little bit of a thrill that the Province of Quebec did so well. As a matter of fact, they wiped the board, did they not? I suppose there are many satisfied people in this chamber with respect to such an excellent record, but anyone who takes part in those Games, whether they bring home a gold or silver medal, or a bronze, has a part to play. You do not have Games without competition. Competition necessarily involves some being successful, and others who are less so; but all who come to the Games have a chance to improve their capacity in the athletic realm. That is where they learn what it is all about. They are not a set of Games for national champions, they are for those who, we hope, will become national champions. In that sense the Games were certainly most successful.

I therefore want to thank my honourable friend for his courtesy in raising this matter and for the kind things he said about my province. He is probably right about the CBC, and I know we look forward to the next Winter Games, to be held in some other part of our country, where, I am sure, they will be equally memorable and successful.

**Senator Forsey:** Honourable senators, I wonder if I could ask the Honourable Senator Petten a question about the CBC coverage, and the inadequacy of it, that he referred to.

Am I correct in thinking that when these Games were held in Newfoundland the CBC gave much fuller coverage?

**Senator Petten:** I can answer that very briefly. They certainly did. As I said, they have the capacity to do it. They have proved this on other occasions, and the Games in Newfoundland were one of them.

**Hon. Frederick William Rowe:** Honourable senators, I want to add my criticism to that expressed by Senator Petten and others on the way in which the CBC reported the Games at Brandon a few days ago.

To refer to one item only. Repeatedly, night after night, I listened, as did millions of others, to the CBC after the news and the weather report in order to hear the sports report. What was the first item reported? Some hockey game down in Houston. And the next item? Something up in Cincinnati. Most of the report was about events in the United States. Way down the list, five minutes afterwards, towards the end, we got a report as to what had happened at Brandon.

We in Newfoundland sent the largest contingent we have ever sent outside the province to an event of this kind, and we were naturally deeply interested in what was happening, as was everyone right across Canada; but over and over we had to sit and be subjected to this humiliation of having the CBC report things going on in the sports world down in Houston and elsewhere in the United States. How many people, in God's name, in Canada, were interested in the precise score of some game down in Cincinnati or over in Cleveland, or down in Houston or Dallas, or wherever it might have been, at a time when hundreds, indeed, I suppose, several thousands of Canadians, were participating in the Canada Winter Games over in Manitoba. I do not know whose judgment it was that prevailed with regard to the CBC's programming. All I can say is that it is a national disgrace.

[Senator Roblin.]

• (2140)

**Hon. Sidney L. Buckwold:** Honourable senators, if I may delay you for just a moment, Senator Petten's report on the Canada Winter Games in Brandon brought back pleasant memories to me, because I was mayor of the host city in 1971. I refer, of course, to that great city of Saskatoon. We hosted the Canada Winter Games and set an example that communities have tried to emulate, and I think most of them have done so quite successfully.

I can certainly endorse everything Senator Petten has said about the friendliness, the spirit and the warm feeling that prevails at such sporting events as the Canada Winter Games, and how important they are to our country.

I want to raise a point that Senator Petten did not deal with, and that is the legacy of the Canada Winter Games to the host community—the capital developments, the facilities that are provided to the community. These are financed, if previous arrangements still prevail, on the basis of a one-third contribution federally, a one-third contribution provincially, and a one-third contribution locally. Hosting the Canada Winter Games gives a community the opportunity to develop facilities which it would otherwise never be able to afford.

I am very proud that in my city we built a mountain for skiing. When we asked for the Canada Winter Games we had to have a facility for downhill skiing. Although we have a great city which reaches the highest pinnacles in every way, we really do not have many hills for skiing. So we came up with the idea of building a mountain, and we did. We moved a million cubic feet of earth and developed a facility 25 miles from Saskatoon. It is not exactly Banff, but it was officially opened by Nancy Greene, who said it was a good facility. Since then it has developed a real interest in skiing, and nowadays literally hundreds use the facility. On a good day you will see fifteen hundred people skiing on that mountain, a facility that would never have existed had it not been for the Canada Winter Games.

I thought I would remind honourable senators of what happened in Saskatoon, and let you know that the legacy of capital facilities is something that communities appreciate.

**Hon. Paul Desruisseaux:** Honourable senators, I hesitate to participate in this debate, but I concur in what has been said by preceding speakers, and would add that I was very proud to see young people from Quebec participate so successfully in these events.

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

**Senator Desruisseaux:** The young athletes from Quebec have trained thoroughly. Their achievements show what they can do when they subject themselves to the discipline of training.

I represent the electoral division of Wellington. Athletes from that electoral division won 17 medals, ten of them gold. Sylvie Daigle, a young girl 16 years of age, showed her athletic prowess by winning four of those medals.

These young people were enthusiastic and happy. I watched the closing of the Canada Winter Games, and was very pleased to see those friendly and happy young people from all over the country. It speaks well for the future of Canada. I hope all goes well with the 1980 Olympics in Moscow.

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, March 7, 1979**

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

Prayers.

[*Translation*]

## DISTINGUISHED VISITOR IN GALLERY

THE CHIEF JUSTICE OF QUEBEC SUPERIOR COURT—THE HONOURABLE JULES DESCHÊNES

**Senator Flynn:** Honourable senators, I was looking for Senator Wagner, but since I am on my feet, I should like to call the attention of the Senate to the presence in the gallery of the Chief Justice of the Quebec Superior Court, the Honourable Jules Deschênes.

I do not know whether he is here to supervise the third reading of the Judges Act. Of course, there is nothing in it that is very interesting, except that he will have a few more judges to help him discharge his duties.

I welcome him most warmly.

[*English*]

## HEALTH RESOURCES FUND ACT

BILL TO AMEND—SPEAKER'S RULING ON POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, yesterday a point of order was raised in connection with the report on Bill C-2, an Act to amend the Health Resources Fund Act, by the Committee on Health, Welfare and Science, which reported the bill without amendment but with observations and a recommendation. Pursuant to rule 78(4), the report stands adopted without any motion and the senator in charge of the bill, the Honourable Senator Frith, moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

On November 28, 1978, as reported on page 271 of the *Debates of the Senate*, I referred to the custom and usage that when a Commons bill is passed by the Senate without amendment, a written message is sent to the House of Commons to that effect, and the original parchment of the bill is kept here. Only when the Senate amends a Commons bill is the original parchment returned to the House of Commons with the engrossed amendments attached thereto. I informed the Senate that it is simply a matter of custom and usage and it has never been the custom to include the recommendations or observations of a committee in a message to the other place with respect to the passage of a bill. I said that there was nothing in the rules or in the authors on parliamentary practice to prevent the inclusion of observations in a message, but I suggested that each case should be judged on its own merits and that the Senate should decide in each instance if it is advisable and in the interest of the Senate to include the recommendations or observations in the message.

The first test resulting from this suggestion came up last evening on the report of Bill C-2.

The debate last evening does not alter my opinion, but the difficulty arises in the difference of opinions expressed by honourable senators on whether or not a motion for adoption of the report should precede the motion for third reading. On this I should like to point out that in all the precedents, and there are quite a few—I found at least nine—where a bill was reported without amendment but with observations or recommendations, the observations and recommendations were for the information only of the Senate, and were treated as such. On motion under rule 78(3) the report, of course, could be placed on the Orders of the Day for future consideration. Never was a motion proposed to adopt such a report and never was it suggested that the bill be not treated in accordance with rule 78(4), which says that it stands adopted without any motion, and that the senator in charge of the bill shall move that it be read a third time on a future day. This is what happened last evening, and the bill is on today's orders for third reading.

As honourable senators know, the report is printed in the *Minutes and Proceedings of the Senate* and in the *Debates of the Senate*. That alone should ensure that members of the House of Commons are informed of the observations contained therein, but some senators feel that for greater certainty the observations should also be included in the message. This brings to light a procedural difficulty since it raises the question of whether a report of a committee that reports a Commons bill without amendment but with recommendations or observations should be adopted before being included in the message to the other house.

I would therefore suggest to honourable senators that, in view of the difference of opinions voiced last night, the Committee on Standing Rules and Orders study the matter and report to the Senate on the procedure that should be followed when a Commons bill is reported without amendment but with observations or recommendations, and that until then the procedure that has been followed in the past be continued.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1978, pursuant to section 115 of the Public Service Staff Relations Act, Chapter P-35, R.S.C., 1970.

## BANKS AND BANKING LAW REVISION INCOME TAX

MOTION TO AUTHORIZE PUBLICATION AND DISTRIBUTION OF REPORTS OF THE BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

**Senator Langlois:** Honourable senators, at this point I should like to ask that the two motions standing in Senator Hayden's name be brought forward. The Banking, Trade and Commerce Committee is meeting later this afternoon, and the bringing forward of these two motions at this point would accommodate him.

**Senator Flynn:** While I wish to accommodate Senator Hayden, I don't know how long the debate on these motions might last. There are other matters before the Senate that should take precedence. If it only takes a few minutes, I will be happy to agree, but if debate on these motions is to last more than five or ten minutes, I think it should be postponed until tomorrow. There is nothing urgent in these two motions, I suggest to you.

**Senator Hayden:** I can only speak for myself. In moving and explaining these two motions, I will only be a few minutes. However, I cannot tell how long my friend might take in any contribution he might have.

**Senator Flynn:** I am quite satisfied with the answer given by Senator Hayden. However, as he himself said, others may take much longer.

**Senator Walker:** We would love to hear from Senator Hayden.

**Senator Flynn:** Agreed.

**The Hon. the Speaker:** Is it agreed?

**Hon. Senators:** Agreed.

**Senator Hayden:** Honourable senators, I move:

> That the honourable senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments be authorized to publish and distribute the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-15, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof".

If the Senate will agree to consider the two motions together, I will now move the second motion.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Hayden:** Honourable senators, I move:

> That the honourable senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments be authorized to publish and distribute the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-37, intituled: "An Act to amend the statute law relating to income tax, to amend the Canada Pension Plan and to provide other authority for the raising of funds".

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Laird:

> That the honourable senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate—

**Hon. Senators:** Dispense.

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

• (1410)

**Senator Flynn:** I am sorry, but I would like to hear these two-minute speeches.

**Senator Hayden:** My two-minute speeches?

**Senator Flynn:** Yes.

**Senator Hayden:** Honourable senators, these are motions that are usually made towards the end of every session of Parliament and at times they have been made in relation to that period of time between the dissolution of one Parliament and the convening of the next. I have sought precedents and I have found them for session after session. I even found one which indicates that the Leader of the Opposition participated in a discussion on this very subject in March 1972.

**Senator Flynn:** Was it a bill I introduced?

**Senator Hayden:** It was a motion dealing with any period between sessions of Parliament or between Parliaments—the same kind of motion that I have proposed today.

**Senator Flynn:** I would suggest you read the rest of the motion.

**Senator Hayden:** It reads as follows:

> That during any period between sessions of Parliament or between Parliaments, the Leader of the Government in the Senate and a senator to be named by him from time to time and the Leader of the Opposition in the Senate, or a senator to be named by him from time to time, be authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate;

**Senator Flynn:** Agreed.

**Senator Hayden:** Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce has done a very substantial amount of work in relation to Bill C-15 and Bill C-37, and we have reached a point of termination of proceedings and the completion of a draft report in relation to both these items. So for one thing I would hate to think that I would be given a period of some months to forget about it and then be faced with it in two or three months' time and have to

refresh my memory, whereas we could crystalize it at this time.

**Senator Flynn:** And refresh the memories of the members of the committee.

**Senator Hayden:** That is right. The reason for making the motion is that rumour alley seems to be full of rumours these days as to the pending dissolution of Parliament. Therefore I thought I should move as early as I could to settle the matter.

**Senator Flynn:** Honourable senators, I will move the adjournment of the debate on this motion because there is more to it, I would think, than the mover has indicated. It is not my intention to oppose the motion, but I think I should put on the record some of my concerns in connection with this. Therefore I shall deal with it tomorrow. I am quite sure that if the honourable senator cannot be here tomorrow he need have no worry about the passage of his motion. But I have some doubts about the constitutionality of the powers that would be given to the committee.

On motion of Senator Flynn, debate adjourned.

## HEALTH, WELFARE AND SCIENCE

### BUSINESS OF COMMITTEE—QUESTION

**Senator Smith (Colchester):** Honourable senators, I wonder if I might address a question to the Chairman of the Standing Senate Committee on Health, Welfare and Science with relation to the proceedings of that committee on Bill C-2, to amend the Health Resources Fund Act. I understand that, as he answered me yesterday, his committee, or he on behalf of his committee, received a communication from or on behalf of the Government of British Columbia asking to be heard by the committee in relation to Bill C-2.

Has the chairman answered that communication? If so, what has he said?

**Senator Bonnell:** The answer to your question is no.

## ENERGY

### INTERNATIONAL ENERGY AGENCY—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on February 28 Senator Roblin asked a question with respect to the International Energy Agency. He wondered whether the material from the OECD gives the regulations of the International Energy Agency which Canada has agreed to subscribe to.

May I say that the obligations assumed by the member countries of the IEA are found, basically, in three instruments. The first is the Agreement on an International Energy Program, signed in November 1974. This agreement provided for establishment of the IEA and for administration by the IEA of a program for emergency self-sufficiency, demand restraint, standby allocation and information on the international oil market. It is this agreement that provides for activation of the IEA emergency oil sharing system, if the normal total level of oil supplies to IEA countries is reduced by more than 7 per cent.

The second instrument was the Long-Term Co-operation Program, LTCP, adopted by the IEA governing board in January 1976. This program, essentially an extension of the International Energy Program, provides broad policy guidelines in the areas of conservation, accelerated development of alternative energy sources and energy research and development. In joining the governing board agreement on the LTCP, Canada stipulated that it could not consider itself bound by Chapter V of the program. Chapter V is addressed to improvement of conditions of energy investments and trade, and the Canadian reservation was based on constitutional and foreign investment considerations.

The third basic IEA policy instrument was a decision adopted by the governing board, meeting at ministerial level, in October 1977. This decision established IEA group objectives for total oil imports and 12 principles of energy policy intended to serve as further guidelines for the implementation of national measures in such areas as conservation, switching to the use of more plentiful fuels, and expansion of indigenous energy supplies.

Copies of the above instruments can be made available to Senator Roblin and other honourable senators should they wish to have them.

### STRATEGIC OIL RESERVES IN ATLANTIC PROVINCES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, also on February 28 Senator Roblin asked a question with respect to strategic oil reserves in the Atlantic provinces.

As Senator Langlois explained in his remarks on this subject in the Senate on February 28, 1979, with regard to oil reserves in the Atlantic provinces, Canada does not have strategic petroleum reserves for civilian use, either in the maritimes or elsewhere in the country. The supplying companies do, for operational reasons, maintain relatively higher stocks in the Atlantic provinces than in other parts of Canada. These operational factors are many and they include separation from a pipeline facility and climate and density of population in relation to relatively high dependence on oil as an energy source.

## ENERGY SUPPLIES EMERGENCY BILL

### PRIOR CONSULTATION WITH PROVINCES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on February 28 Senator Olson asked if, in relation to the Energy Supplies Emergency bill, it was the intention to withhold final passage of Bill C-42 until some time after a meeting of provincial deputy ministers of energy and the federal government.

I should like to point out that a meeting of federal and provincial deputy ministers of energy is planned before the end of the week of March 19, 1979, to consider current energy

matters, including Bill C-42, the Energy Supplies Emergency bill. But it is my understanding, honourable senators, that it is nevertheless the government's intention to advance the bill through Parliament in the interim period of time.

• (1420)

## GRAIN

### PURCHASE OF HOPPER CARS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked by Senator Argue on February 13 concerning hopper cars and Crowsnest Pass rates. The honourable senator inquired about the government's leadership in the provision of an adequate number of rail cars for grain transport.

To date the government has purchased 8,000 hopper cars at a total cost of $257.8 million and has rehabilitated 2,400 boxcars. A further 2,000 boxcars are currently being rehabilitated and it is hoped to carry out work on an additional 1,000 boxcars.

While the hopper car, with its rapid loading and unloading characteristics, together with a greater capacity, is undoubtedly superior to the boxcar, we must not lose sight of the fact that many prairie rail lines are still not capable of handling hopper cars. A number of these lines will likely be abandoned, while the balance will be upgraded under the prairie railway rehabilitation program, which will cost in the $700 million to $900 million range and will likely take 10 years to complete. It is important to recognize that hopper car acquisitions, boxcar retirements, and branch line upgrading must go hand in hand to ensure a smooth transition to a modern system.

We currently have under way a grain transportation operations analysis which, among other things, will give Canada an investment program, together with the timing for hopper car acquisition. This will take into account the factors set out above and will allow a reasoned approach to the problem.

In the meantime the Wheat Board has decided to order an additional 2,000 hopper cars. This is seen as an interim measure pending resolution of the long-term issue.

Turning now to Senator Benidickson's question concerning the Crowsnest Pass rates, I can do no better than attach a 1978 report that sets out in some detail the impact of the statutory rate upon the railways and their operations.

Honourable senators, it will be my intention to provide this very lengthy report to Senator Benidickson. After reviewing it, he may wish to ask further questions. The document is really too lengthy to be incorporated in today's proceedings.

## DEPARTMENT OF LABOUR

### REMOVAL OF REQUIREMENT TO PUBLISH "LABOUR GAZETTE"—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, regarding a question of long standing concerning the *Labour Gazette,* which was originally asked by Senator Forsey but in which other senators have expressed interest, for many years the *Labour Gazette* was virtually the only journal of record in the labour affairs field, but that role has since been taken up by specialized publications and other periodicals, daily, weekly and monthly. As a result, over the past few years extensive consideration has been given to redefining the role of the *Labour Gazette* and its French language counterpart, *La Gazette du travail*, but efforts to reshape the publications and increase their circulation met with only modest success.

During August 1978, when government departments were directed to make expenditure reductions, continuation of the *Gazettes* had to be weighed in relation to other activities of the department. The magnitude of the budgetary cuts was such that the department had little alternative but to eliminate certain program activities in their entirety and to substantially reduce others. Based on a review of program priorities, it was reluctantly concluded that certain departmental publications, including the *Labour Gazette* and *La Gazette du travail* should be discontinued.

In reaching this decision it was noted that the annual cost of publishing the *Labour Gazette* and *La Gazette du travail*, as estimated for the full fiscal year 1979-80, was $225,000. The paid circulation of the *Labour Gazette* was approximately 2,800 and of *La Gazette du travail* approximately 750 copies. Based on publishing costs and circulation figures, each paid annual subscription was costing the department more than $60 compared with a subscription price of $7.50 per year. It is difficult to justify underwriting each subscription by more than $50 a year.

To achieve the anticipated expenditure reductions, publication had to cease by the end of 1978. Bill C-30, to amend the Department of Labour Act, given first reading on December 15, 1978, accommodates discontinuance of the *Labour Gazette* on January 1, 1979. Retroactive application of legislation is not an unusual process, as in this instance.

The government is hopeful that time will be found in the legislative schedule of the present session, before events to come, to permit passage of Bill C-30.

[*Translation*]

**Senator Forsey:** All this may be fine, honourable senators, but it has no relevance to the point I raised, which was that this violates the law.

I am all for saving money. That is fine. But the law must still be obeyed, as far as I know.

I was brought up in a home where the rule of law was absolutely basic.

Constitutionally, I am a conservative of the school of Sir John A. Macdonald . I remain of that view, and believe that no government has any right whatsoever to break the law, even if this could save billions.

[*English*]

**Senator Perrault:** Honourable senators, I understand the continuing concern of the honourable senator with respect to the legality of this action. All I can do is quote once again the view expressed by the Minister of Labour that the retroactive

application of legislation is not an unusual process, such as in this instance. If the honourable senator requires precedents to reinforce the opinion of the minister, I would be pleased to seek them out.

**Senator Forsey:** I am well aware that we can pass retroactive legislation—it has been done many times, sometimes in matters very much worse than this, and in much more glaring cases—but the process of passing retroactive legislation can be abused. I should like to know whether there is any precedent for this kind of thing. You can pass retroactive legislation, yes, which, for example, may be a bill of indemnity retroactively letting somebody off the hook for an illegal act which he has inadvertently committed, and everybody agrees, "Yes, it was pure inadvertence, no ill intent," and that sort of thing. But where you get a situation where the law says, "this shall be done," and your retroactive legislation may not come into effect for goodness knows how long, that is a different matter. If this bill, whatever its number is—I have forgotten—had come into effect, let us say, on the 10th January, or something like that, nobody would have made much of a dust-up about it; but it is highly probable now that it will not come into effect until away on in this year, and perhaps not until next year. The pressure upon parliamentary time may be too great. I would very much like to have, from those glorious and immortal people in the Department of Justice, a precedent that would really be on all fours with this. I suspect that even their ingenuity will be taxed to find any such precedent.

**Senator Perrault:** The diligent search will continue for the precedents requested by the honourable senator.

I think it should be noted that however interesting the historical origins of the periodicals described in such glowing terms by the honourable senator may be, and however well they may have served the nation, the irrefutable fact is that after many, many years in operation the total combined circulation of the two publications at the time they were suspended amounted to something like 3,500 copies a month for a population of 23 million Canadians. This suggests somewhat less than lively interest in these publications on the part of citizens across the nation. Indeed, Canadian taxpayers were asked to subsidize each subscription to the extent of $50 a year. Obviously, if the marketplace is to be regarded as any criterion of public opinion or public taste, the *Labour Gazette* and *La Gazette du travail* were not as successful as their founders may have hoped.

## THE ECONOMY

### CANADIAN BALANCE OF PAYMENTS—QUESTION

**Senator Manning:** Honourable senators, may I ask the Leader of the Government a question about Canada's balance of payments picture? It was recently announced that for the month of January there was a trade surplus of, I think, $386 million. I wonder if the honourable leader could inform the house what the present net position is in our balance of payments account, and also whether the deficit is still increasing or stabilizing.

[Senator Perrault.]

**Senator Perrault:** That question will be taken as notice, because the current information is not on my desk at this time; however, I think Canadians, regardless of party affiliations, can take enormous heart from the great improvement in the merchandise trade balance. There continues to be a negative influence arising from the fact that thousands of Canadians are doing sufficiently well from an income standpoint to be able to take extended vacations abroad, spending money on travel and touring in other countries. The figures requested by the honourable senator will be sought this afternoon. I hope a current picture can be presented tomorrow.

## ENERGY

### INTERNATIONAL ENERGY AGENCY—SUPPLY OF OIL IN ATLANTIC CANADA—QUESTION

**Senator Roblin:** Honourable senators, I should like to thank my honourable friend the Leader of the Government for his reply about the International Energy Association material that I asked for. I confirm to him that I would be pleased to receive copies of the three instruments about which he spoke.

• (1430)

I should like to ask a supplementary question about the supply of oil in Atlantic Canada. He informed the house that this matter was not subject to public control in that the strategic reserve, if there were any, was held in private hands. Has the government any input into the quantity of oil that is deemed advisable to be held in this reserve, and, whether it has or has not, is the government satisfied with the amount that is held in that manner.

**Senator Perrault:** The question will be taken as notice.

## HEALTH RESOURCES FUND ACT

### BILL TO AMEND—THIRD READING

**Senator Frith** moved the third reading of Bill C-2, to amend the Health Resources Fund Act.

**Senator Flynn:** Honourable senators, I rise on a point of order. I was wondering, considering the ruling of Madam Speaker, if it were Senator Frith's intention, or that of the Chairman of the Health, Welfare and Science Committee, to move concurrence of the Senate in the recommendation made in the report of the committee, which is in addition to the committee's saying that the bill is returned without amendment. If so, would it not be more proper to have that motion before the motion for third reading?

**Senator Frith:** Honourable senators, it is not my intention to move such a motion. My motion is for the third reading of Bill C-2.

**Senator Langlois:** Speaking to the point of order—

**Senator Flynn:** He said no.

**Senator Langlois:** Speaking to the point of order, I would like to inform the Senate that it is my intention, after third reading, to move that the recommendation of the committee be

included in the message sent to the House of Commons with Bill C-2.

**The Hon. the Speaker:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be now read a third time. Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

MOTION IN AMENDMENT

**Senator Flynn:** No, it should not be so easy.

Honourable senators, this is a quite curious and serious situation. Discussion took place in committee and in this chamber last night concerning the objections of the Government of British Columbia. The information we have from the chairman of the committee is that the committee decided that it would not hear any representations from provincial governments about this unilateral decision of the federal government. It seems to me, in the context of the criticism recently levelled against the Senate by the present government and by many other people to the effect that we are not looking after regional interests, that it is quite a serious matter for a committee to refuse to hear objections by a provincial government.

It has been said by the sponsor of the bill and also by others that this is strictly federal legislation; that it is not an agreement between the two levels of government and that therefore the federal government is quite justified in altering the law unilaterally, without consultation. It seems to me that this is entirely wrong. Here is a proposal made to the provinces by the federal government, endorsed by Parliament, to contribute a certain amount in a certain way to some medical projects in the provinces, and that proposal was accepted by the provinces under the conditions laid down in the legislation. It is just as if I said to someone, "I offer to pay you $100 a year." If that person agrees to accept it, then I am bound to do that. It is a contract; you do not need a formal agreement under these conditions.

This is the equivalent of a bilateral agreement, because there was an offer which was accepted. Let no one try to make me believe that there is any validity in the argument of Senator Frith that this is purely federal legislation in which the provinces have no say.

Last night Senator Bonnell said that the committee did not invite the provinces to appear because he knew they would object to the passage of the bill. Of course they would object, but at least the committee could have heard them to find out what kind of representations they wished to make. If you decide in advance that you are going to say no, it is to say the least contrary to the well-known rule of *audi alteram partem.*

I am seeking support for this position from Senator Goldenberg. I think the Supreme Court of Canada and all our courts have ruled that at least you should give someone who has something to say the right to be heard. This is a denial of that elementary right.

It seems to me that in the circumstances the committee did not act wisely in refusing to hear the representations of the Province of British Columbia, especially when it was clearly established in committee that the specific concern of that province arises out of a mere technical problem. First, the minister refused to accept the application because the application form itself was not signed. However, there was a complaint by letter which was signed, and the application that was signed later to correct, if you like, the technical omission in the first instance, arrived too late because of the mail strike. I have never heard of such harsh justice being meted out on the basis of a mere technical difficulty. In our courts today nobody would dare raise an objection like that in order to refuse someone a right.

In my opinion, we should do something about it. I think we are fully aware of the facts, but if we want to know more about the facts I believe the Government of British Columbia should be invited to appear before the committee.

I move, therefore, seconded by the Honourable Senator Grosart:

> That this bill be not now read a third time but that it be referred back to the Standing Senate Committee on Health, Welfare and Science for further consideration of the request by the Government of British Columbia to appear before it.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be now read a third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart:

> That this bill be not now read a third time but that it be referred back to the Standing Senate Committee on Health, Welfare and Science for further consideration of the request by the Government of British Columbia to appear before it.

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

● (1440)

**Senator Bonnell:** In speaking to the amendment, honourable senators, let me say that the committee was very pleased and honoured to have a telex from British Columbia ministers, the Honourable R. H. McClelland, Minister of Health, and the Honourable Patrick McGeer, Minister of Education, Science and Technology. It says:

> We would ask, therefore, before the Senate of Canada gives consent to the passage of this ill-timed legislation, that we be allowed to present our government's argument to your committee.

At the first meeting of our committee the motion was made to invite British Columbia. The motion was withdrawn. Senator Bell put forward British Columbia's arguments very strongly and we had copies of their submissions. It was felt that before we decided to invite them, we should hear what the Government of Canada had to say concerning some of those unsigned and signed applications, dates, and so forth.

The motion to invite British Columbia was withdrawn in order to get the information from the minister. When the minister sent the information to our committee, we found that most things said by the Province of British Columbia were true, and we also found that all of the things said by the minister were true. The problem was that the dates upon which these things took place were different. In other words, applications sent by the Province of British Columbia, signed on a certain date, did not reach the department on the date that they were sent, and the cut-off date of November 4 was reached and passed between the dates they were sent and the dates they arrived. Under Bill C-2 the minister had no authority to approve anything after that date. The applications did not arrive on time.

**Senator Flynn:** The bill is not law yet.

**Senator Bonnell:** It had not become law yet, but with regard to the proposed Bill C-2 before us—

**Senator Flynn:** How stupid can you be?

**Senator Bonnell:** The committee also heard that there was a restraint program.

**Senator Flynn:** Oh, well, that's better.

**Senator Bonnell:** A restraint program had been put forward by the Treasury Board of the Government of Canada. I think that most members of the committee thought that the minister wanted to extend the program to give British Columbia, Ontario and Quebec more funds, but because of the restraint program—and the first ministers had agreed to restraint—the Treasury Board had come forward with the recommendation of September 8 indicating that these projects should be cut.

Most of us felt, rightly or wrongly, that because the Government of Canada was trying to enforce a restraint program, we had no power to ask for more expenditure of money. We felt that we were on the fringe of whether we had power to amend the bill. We did what we thought was fairest for everybody. We supported the bill to uphold the policy of restraint agreed to by the first ministers. But we realized that British Columbia had a project in the works, and we wanted to encourage it and we wanted to let British Columbia know that the Senate, as a whole, was sympathetic to British Columbia. We did not want to mention just British Columbia because other provinces as well had projects in the works. We wanted to show our sympathy to all the regions of Canada, so instead of "provinces" we said "projects". We recommended that sympathetic consideration be given to the claims of British Columbia and to the claims of any of the other provinces whose projects were in the works on this cut-off date.

I want to assure honourable senators that the committee was sympathetic to British Columbia but we did not see that there was anything we could add. British Columbia had already convinced us that they had a beautiful hospital to be considered, but, at the same time, they did not meet the deadline of November 4. Therefore, we felt we had to make the recommendation that the government consider these projects later on.

[Senator Bonnell.]

Therefore, honourable senators, I suggest we should reject the amendment, and agree to the third reading of the bill.

**Senator Smith (Colchester):** Honourable senators, there are a few things I should like to say with respect to this matter. They are primarily, but not entirely, directed toward the point that the committee refused a request from a province to be heard on a matter which was in dispute—so far as facts go, at any rate—between the representatives of the Government of Canada and the representatives of the Government of British Columbia. The committee had before it a telex in which those representatives of British Columbia specifically asked to be heard, as the chairman has said.

Let me just remind honourable senators of the committee chairman's response last evening when I asked the question as to whether these people were heard, and what the reasons were if they were not. I refer to page 677 of *Debates of the Senate*. In response to my question it will be seen that he said:

> Honourable senators, the main reason behind the decision of the committee was the fact that Bill C-2 involved an amendment to a federal statute.

What other kind of statute would we be dealing with I wonder, if it were not a federal statute? Would we be dealing with a provincial statute? Would we have to wait until we were dealing with a statute of British Columbia before representatives of British Columbia could come here? With all courtesy toward the chairman and the committee, I find such a statement not only completely without merit but also completely without reason. On that basis we would never consider any legislation because we never get any legislation except federal legislation or amendments to federal statutes.

Then he went on to say:

> —The Health Resources Fund Act was not the subject of a federal-provincial agreement. The purpose of Bill C-2 was to terminate the Health Resources Fund a year and some months ahead of its original expiry date, and certainly in light of that it was felt by the committee that every province would probably object to its passage. It was the feeling that we had nothing further to learn from the provinces. We had received a brief from one province outlining their objection and we had the response of the Minister of National Health and Welfare.

● (1450)

How familiar a ring this sentence has, and how well the chairman has learned to write it having heard it so many times himself from the ministers of this government—". . . we had nothing further to learn from the provinces."

I sat on two committees of the Senate that dealt with the Constitution, and I can't tell you how many people came before those committees to point out to us that one of the things expected of the Senate was that it would represent the interests of the provinces and regions of this country. We had nothing further to learn from the provinces! Wouldn't that make a great song and dance to give to the provinces at a federal-provincial conference—we had nothing further to learn from the provinces. And listen to this:

> We had received a brief from one province outlining their objection and we had the response of the Minister of National Health and Welfare.

They had the response of the Minister of National Health and Welfare before them in person.

I have something to learn from the provinces every day, and even Senator Bonnell may have something to learn. Senator Lamontagne has learned a great deal from the provinces in the past and will continue to do so in the future. We are denying a request from ministers of another government to be heard in person. We are not only denying them, but denying them without the courtesy of a reply. I say that because it is but a few moments ago that I asked if the committee replied to their request, and the chairman said the committee did not.

Some honourable senators not long ago heard representatives from the Government of British Columbia say of the Senate that it has ceased to serve any useful purpose from the point of view of the provinces, if it ever did. They made that representation to the Senate committee or the joint committee—or perhaps to both. They said that the Senate was useless from the point of view of the provinces, and that they wanted to substitute for it some other body appointed in a different way with different people and representing different interests.

I cannot think of anything that would more likely reinforce them in their point of view that they were right than the denial of this committee to hear their reasons for feeling that this bill ought to be changed, and then failing to give them an answer to their request.

It grieves me deeply that a committee of the Senate should allow itself to be put in that position, because not only do the members of the committee have to bear the burden of the blame for that kind of action, but so does the Senate and every member of it. The Senate and its members must bear the burden of blame for having refused a request from the government of a province of Canada that its ministers be allowed personally to present its views about proposed legislation to a committee of the Senate to which the legislation was referred.

Honourable senators, I support the motion in amendment of the Leader of the Opposition. I cannot find anything in the explanation given by the distinguished, able and friendly chairman of the committee to support his views. I simply feel that somehow or another justice went astray, and that the committee itself should be alert and quick to remedy that failure of justice to make sure that the representatives of the Province of British Columbia be allowed to put their case to a committee of the Senate before this bill is dealt with on third reading.

**Senator Roblin:** Honourable senators, after listening with sympathetic attention—and I stress that adjective—to the explanations that have been offered to us, both last evening and today, by the Chairman of the Standing Senate Committee on Health, Welfare and Science, I must confess to you that I think we have made a mistake, and it will be the part of wisdom to rectify that mistake as quickly and graciously as we can. Our mistake, of course, is our failure to respond constructively and affirmatively to a request from ministers of the Government of British Columbia to be heard by the Senate committee on matters which affect them.

I have had an opportunity to look at some of the proceedings of the committee. Although I am not myself a member of the committee, I make no excuse for not being present at the meetings. As is the case with many other senators, I have more than one committee to which I devote my attention, and it is impossible to fit in everything when there are several committees sitting at the same time. While the chairman of the committee reproached me in a friendly way last evening for not having been present, I must tell him now that he should not have expected me to be present, and must not expect me to be present in the future, because I am not a member of that committee. By the same token, he must not expect me to not read what took place.

I have been able to obtain a typewritten copy of the committee's proceedings on March 5. That was not the last meeting of the committee, but it was of interest to me to read that Senator Inman raised the matter by stating:

> Mr. Chairman, I understand that the Minister of Health and Welfare from British Columbia would like to appear before this committee. Can I make a motion to that effect?

No reply was given to that request, but the chairman intervened instead to suggest that the committee clerk read a telegram that was sent to him by the Minister of Health and the Minister of Education, Science and Technology at Victoria, British Columbia, the gist of it being that they would like to appear before the committee. Copies of that telegram were sent, I notice, to a number of senators—I suppose to all those who are listed as members of the committee.

**Senator Flynn:** Was it sent to those senators from British Columbia as well?

**Senator Roblin:** Yes, because I see their names on the list—I see the names of Senators Austin, Bell, Lawson, van Roggen and Williams.

**Senator Flynn:** Was it sent to Senator Perrault, the Leader of the Government in the Senate?

**Senator Roblin:** Yes, his name is here too. It is difficult to give the date, because it simply says March 1979. It does not give the exact date, so I am unable to tell you about that.

In any event, the subject was discussed in a general way by the committee until Senator Thompson suggested that the matter be deferred until the committee heard from the minister. He was prepared to move an amendment to that effect. He stated:

> We are simply deferring moving on this question of inviting the ministers until such time as we are able to look at the material which the minister is going to bring back in answer to Senator Bell's question.

● (1500)

As I say, it is a cliff-hanger. I do not know what happened after that. Obviously, no motions were put nor were any amendments made. Proposals to do so appear in the record,

but they were certainly not put to the committee. I take it that these were suggestions indicating the train of thought of those who were in attendance.

What happened the next day, I do not know. Whether the motions were actually moved and seconded or whether the matter was ever referred to again, I do not know. It may be that it was considered and thought, after some reflection, that it was not necessary to hear the provincial ministers. I will have to wait until the committee proceedings of that date are produced before I will be in a position to form any judgment in that respect. I take it that no steps were taken to invite the ministers, and that is really the point.

In making that decision—and I say this with regret, because we all have to share in it—it was a mistake not to ask the provincial ministers to appear before the committee. I think we should now take advantage of the opportunity to rectify that mistake in the most effective manner we know.

In the course of the argument that Senator Bonnell expressed to us, some confusion arose as to when documents were mailed from Victoria to Ottawa and whether or not the postal services failed to deliver when they should have. I do not know about the state of the postal service between Victoria and Ottawa, but I suspect that the government in Victoria is very concerned about the state of the postal service from Ottawa to Victoria, because although they had written to the minister and sent telegrams on October 25, and wrote again on January 15 and February 16, they received no reply. Even when they took the last resort open to them and sent a telex to the Senate, which, while not being the center of power in our political system, apparently was the court of last resort in this instance, they did not get a reply from us. They must be very discouraged about the state of public communication in the Dominion of Canada.

I also would be rather surprised, if we let this matter stand the way it is, that they would ever again ask to appear before a committee of the Senate. I know that if I as a member of a provincial government had been snubbed in this way—not even a reply from the Senate—I certainly would not appreciate it. What the ministers on the other side may do is entirely up to them, but for the Senate not even to reply to a minister of the Crown of a provincial government is a snub that would certainly not be appreciated. Should they be willing to appear before a committee of the Senate in the future, I for one would be appreciative of their spirit of good citizenship in being willing to overlook the injustice and the slight that we extended to them in the manner in which we have dealt with this situation.

I do not like to stress this matter—it is unpleasant to do so—but we have, not only in the words of the chairman of the committee last night, but also in some of the expressions of opinion given by the sponsor of Bill C-2 in the Senate, the impression that it really does not matter whether we hear these people or not on the bill. We are told that we have the minister's exposition of the affair. Well and good. That is a proper thing to do. But surely it is a good thing to hear the other side of the question. My experience in public life has taught me that there usually are two sides to a question. There is one side I may not think much of, but there are two sides, and to proceed in this manner, apparently satisfied to hear only one side of the question when the other side is ready, willing and able to come and tell us what they think, seems to me to be an unfortunate course indeed to have followed.



We know the provinces are going to object to cutting programs in which they are involved, but surely that does not mean that they should be deprived of the right to make their objections heard in a forum such as this.

We have heard, for example, that it is necessary to proceed with this measure because of fiscal restraints. We need to save money and to balance the budget. God knows those are all worthy aims, but yet we get the argument that while we are going to save money by terminating this fund, there will be something in the resolutions that will reinstate these expenditures later on.

What a self-defeating performance that is! If that is presented to us as justification for not consulting the provinces, I for one certainly fail to see it. On the one hand, we are told we have to make these cuts because we are out of money, while on the other we are told, "Well, never mind, after we cut them we will see if we can't restore a few to make you feel better about it."

To my mind, that is not policy. That is expediency of the most glaring and obvious sort, and I certainly do not think it is any argument to be advanced for the action that the committee took in respect of this bill.

My colleague Senator Smith (Colchester) dealt with the concept that a provincial government has no right to speak on a federal statute. That is a doctrine that is entirely novel to the Canadian Constitution, and I suspect it will get the attention it deserves. We cannot really accept the idea that because people do not like the bill, we should not hear them, and we cannot accept the idea that because we have heard from the minister, we have nothing to learn from anyone else. None of those ideas fit any kind of federal system that I have ever heard of.

But I think we could overlook all of those things, because in the heat of debate in this house we all say things we would not like to have to write out 100 times as an exercise in good behaviour afterwards. In the pressure of debate in the house, when responding to questions and in the heat of debate, we sometimes say things we wish we had not said, or that we wish we had said in a different form because they do not convey our exact feelings. As far as the statement of the chairman of the committee is concerned, I certainly sympathize with the situation in which he found himself. But that does not mean that we should not do something about the problem with which we are faced, and I think it is particularly important that we do so in this instance.

As my honourable colleague said a little while ago, the Province of British Columbia has had a thing or two to say about the Senate of Canada. Any of you who have taken the trouble to read the constitutional proposals of British Columbia will be aware of exactly what they think about us.

Perhaps it would be a good thing to register their opinion on the operations of the Senate of Canada. The document "British Columbia's Constitutional Proposals, Paper No. 3, Reform of the Canadian Senate" contains an extended discussion on the origin of the Senate. The authors make quite a point of quoting from a number of authorities for the proposition that the function of the Senate as a protector of sectional and regional interests in the federal Parliament was laid down as one of the reasons why we are in existence at all. After reading these various authorities, they summarize their opinion, and I quote the words of the report:

> These then were the three reasons for creation of the Senate—protection of the propertied minority, review of Commons legislation, and most importantly—

And I have mentally underlined that phrase.

> —most importantly, representation of provincial interest in the national policy-making process.

Then they go on to ask a very interesting question, and again I quote:

> The question now becomes: How effective has the Senate been in performing these three functions?

If any honourable senator cares to follow the tenor of their argument through the rest of the brief, it becomes obvious that they don't think it has been very good with respect to protection of provincial rights. In fact, in respect of the reformed Senate they say:

> The primary purpose of the Senate—its raison d'être—should be to provide a forum for the articulation and representation of provincial or regional interests in the national law-making process.

I think we all agree with that. Reformed or unreformed, I think we would all agree that that is part of our job here, and we would all agree that, in these times in particular, when this house is under some scrutiny on the part of the public and some scrutiny on the part of the Province of British Columbia, this particular aspect of our responsibilities is important.

I suggest to you that the cabinet of British Columbia will be making the point now that their criticisms of this body have been proven to the hilt. If they ever needed any evidence to produce to the people of their province that we do not pay any attention to their regional interests, they certainly got it with the performance of this committee the other day. If they are looking for support for a reformed Senate, which will probably change the structure of this body beyond recognition, they certainly have added weight to add to the evidence they have already presented. For that reason, what transpired in respect of this measure is unfortunate.

I am not willing to make personal capital out of this matter. I am more interested in seeing that we recognize that we have made a mistake and that we ought to do something to remedy it right away. I recommend that course for the Senate. It may be that if the motion in amendment is adopted and we have an opportunity of hearing from the representatives of the Province of British Columbia, it may change nothing. I am not saying it will change anything. It may be that the situation will remain as it is. But that is not the point. The point is that they deserve their day in court. The point is that a government of a province has done something which is rather rare; that is, requested to appear before a committee of the Senate of Canada.

I know that in my term as Premier of Manitoba that never happened, and I suspect that after this experience it may happen rather less frequently in the future. Here we have a request to be heard by a provincial government and it has been turned down. If we accept the motion in amendment, we will give ourselves another chance. There is no need to have recriminations. There is no need to try to apportion blame. We all have to take our share of the blame. There is no need to try to make it awkward for anyone in particular. We simply have to say that for reasons which seemed good at the time, and which we now recognize were questionable, we ought to reverse ourselves; we ought to let this committee get going again and we ought to let it have an opportunity to invite these gentlemen to come down so that at least they will have their day in court and they will know that this branch of the federal system is anxious to do what it can to have representations before it from the regions, and where it thinks that regional rights are affected that it will render judgment one way or the other.

● (1510)

So I suggest to honourable senators that we look at this matter in the most constructive way that we can, and that seems to me to indicate that we should support the amendment.

**Senator Perrault:** Honourable senators, I have listened with interest to the comments made by the Honourable the Leader of the Opposition and other honourable senators who have demonstrated a great concern about this issue. I have listened with particular attention, because of my own complete personal support for an extension of hospital facilities to help the children of my home province. I cannot accept the view, however, that somehow a callous and heartless government and an equally callous and heartless committee are denying the legitimate right of a province of Canada to be heard in Parliament. I can tell you, honourable senators, that there are few issues in the past year which has drawn upon more of the time of the ministers and members representing the province of British Columbia than this particular issue. The fault, very frankly, does not lie at the doorstep of the federal government. If there is any fault—and it may be inadvertent—I believe it lies at the doorstep of the provincial government. I say this at a time when relations between the Province of British Columbia and the federal government are perhaps better than they have ever been before.

I want to give you a general chronology of the situation so that honourable senators can appreciate the concern felt by the Government of Canada with respect to the matter. If this project had been submitted for approval within the legal time framework, the established time framework, there is no question at all that this project would have received the kind of generous funding that it deserves—the kind that I hope can be acquired from some alternative source, perhaps involving a

re-allocation of certain provincial revenues, and federal assistance in some other direction. But as one who advocated in the most forceful fashion possible that this project be accommodated, if possible, by the Government of Canada, I must say that a diligent study of the record indicates that the project was not submitted within the established time frame. The record indicates that, and no committee—and I regret saying this very much—no committee meeting is going to change the basic fact that this project arrived in its official authorized form well after the deadline. If we were to make an exception, what would we say to the other provinces who have not had their full allocation of federal dollars.

**Senator Flynn:** There are no others.

**Senator Perrault:** There are others, honourable senators, because a number of provinces have had only 85 per cent of their budget allocation. Do we say that because we are creating a precedent for one province, the province which I happen to love with a special fervour, that the others should be accommodated as well? I want to remind honourable senators that in February 1978, the first ministers, in a rare example of unanimity, agreed that increases in budget expenditures should be kept below the gross national product, and they agreed that spending restraint was needed and that cuts would be necessary in certain federal and provincial programs. It was obvious that restraints would be felt by the people of Canada in various regions and by taxpayers everywhere. That is a matter of common sense.

Would it not have been logical for all provinces following that February 1978 meeting to have said, "Let us arrange our priorities so that we can submit immediately those projects for which we can apply for federal government assistance?" That was in February 1978. And now we are told by one honourable senator that if we do not give this province a hearing, there might be some form of retaliatory action taken by the province, because don't we all recall that they wanted to convert this place into a Bundesrat? The question is not whether or not the Province of British Columbia or any other province wants to make the Senate a counterpart of the West German upper house or anything else. The question is: What are the facts? That is the basis on which we should make our judgment in this place.

**Senator Smith (Colchester):** Who decides what the facts are?

**Senator Perrault:** The facts I cited earlier are a matter of record, an extensive record. May I suggest that perhaps more of these facts should be put on the record.

The First Ministers' Conference was held in February 1978 when agreements were made with the provinces that there would have to be cutbacks in many programs, including joint costing programs. There was a meeting held in June in British Columbia when the Honourable Monique Bégin went out and spoke to the medical research community—I understand that there were provincial government people there—and the medical research community was told that if there were to be cuts—and it was in the air; everybody could see they were coming—then surely the Health Resources Fund would be a natural prime candidate for such cuts. The minister went out to British Columbia to deliver that message. She told them that if they wanted to have money for particular projects—and this is a matter of record—they should send them to the minister as soon as possible. Not one word was heard about this hospital.

In September the minister telexed the Honourable Robert McClelland in British Columbia, but had no reply. On either November the 16th or 19th, long after the amendment had been approved by the House of Commons, the minister said that a signed submission was received for that hospital, which is now described as being of urgent necessity on the west coast. So I ask you, where does the responsibility lie here?

When the need for budget restraints was agreed on in February 1978, I find it frankly and personally appalling that a vital submission of this kind could not have been sent in within a reasonable time. I would like to inform honourable senators that the Province of British Columbia some of whose representatives have stated that they would like to improve B.C.'s representation in Parliament, including this place, did not bother testing the quality of that representation until it was too late. There is no record of any correspondence from British Columbia to the federal ministers representing the Province of British Columbia or the federal members of Parliament from British Columbia urging their support for a written application for help. Can any honourable senator imagine a province, with a strike-bound post office, mailing a signed application for assistance for a badly needed medical facility? Remember, this was during a mail strike. No information was communicated to B.C.'s government members of Parliament or the cabinet members from British Columbia. There was no suggestion that British Columbia felt this to be an urgent matter that deserved immediate attention.

● (1520)

Would it not have been logical for the Minister of Education—and I count him among my friends—to have provided the ministers of British Columbia with a copy of that letter and say, "You travel down there every weekend. Would you take this down and raise it as a vital and urgent matter?" No such letter. At the least, it was an unfortunate lack of communication with certain people who are the legitimate representatives—at least until the system is changed, if it is ever going to be changed—of British Columbia.

Now we are portrayed here today as a callous government, a government not interested in talking to the provinces. But we are fully willing to meet with any province on any occasion which warrants it. Indeed, through my office a few weeks ago a meeting was arranged between the Honourable the Minister of National Health and Welfare and the Minister of Education in the Province of British Columbia. I personally was pleased to make arrangements for that meeting. After that session, the federal minister reviewed every possible way of attempting to get money for that hospital—every possible way.

I would ask our friends on the other side, who remind us so often about the rule of law and how legality in all things is a

principle of fundamental importance—and we all agree on that matter—I ask, when the facts are as they exist, what is a committee going to do?

**Senator Flynn:** That is a technicality.

**Senator Perrault:** What is a committee supposed to do?

**Senator Smith (Colchester):** Be fair.

**Senator Walker:** Bring in equity.

**Senator Perrault:** What is a committee to do?

**Senator Smith (Colchester):** Hear them.

**Senator Flynn:** Technicality and legality are two different things.

**Senator Grosart:** Listen to them.

**Senator Perrault:** I can find in the record—and I ask honourable senators to examine that same record—

**Senator Smith (Colchester):** I have!

**Senator Perrault:** There is nothing in the record, unfortunately, to support a technical reversal of the decision made by the Minister of National Health and Welfare.

**Senator Smith (Colchester):** Fairness does.

**Senator Perrault:** I have had a number of useful conversations with representatives of the Province of British Columbia regarding the matter. I have suggested to them the possibility of having certain provincial funds re-directed to that children's hospital—and I have suggested that some of us will attempt to find alternative ways to bring federal money to bear on certain other medical needs in the province of British Columbia. The problem of the Children's Hospital is not being ignored. Active solutions are being sought.

The fact is—and I regret to say this perhaps more than anyone after developing a great file of correspondence on the subject and making personal submissions at a number of levels—the facts seem to indicate that the Province of British Columbia was dilatory. In my view it may not have been seized with the urgency of the cutback program. In any case, B.C. did not get its application in by the required date. There is no question about that. Certain of their spokesmen have said, "Well, it is because of that federal mail strike that it did not get there on time." That is no legitimate excuse. I question whether that excuse is accepted by the National Revenue Department or by other government departments.

**Senator Smith (Colchester):** That is a poor test.

**Senator Flynn:** It is accepted by them. They are not as stupid as that.

**Senator Perrault:** Well, in terms of most activities with respect to the courts, the onus is on the individual to meet the deadlines, and the honourable senator is aware of that fact.

To say now that the mail delivery system is the reason the application did not go forward really does not possess much validity. I regret it as much as anyone, but the fact is the application did not get there on time. Yet, we are working to try to find alternative routes to meet that particular problem.

**Senator Bell:** May I ask the honourable leader a question? I am wondering about the submission's not getting there on time. Is Bill C-2, with the date changed, now the law?

**Senator Perrault:** The government has to provide a cut-off date for any program termination of this kind. Obviously, a date must be set and the provinces must be informed of certain cut-off limitations. There is not one province in Canada that does not want to get its full 100 per cent of any program. So under these circumstances, a cut-off date had to be established. It was inevitable. It had to be done.

**Senator Grosart:** Is it legal?

**Senator Perrault:** It has been done by many governments in the past.

**Senator Grosart:** Is it legal before the act is passed?

**Senator Perrault:** Of course it is supportable.

**Senator Grosart:** Is it legal?

**Senator Lamontagne:** It is legal for us to change it.

**Senator Perrault:** Honourable senators, I have set forth the facts as well as I have been able to establish them and I must express my deepest personal hurt and concern about the fact that my province failed to get its application in on time; but if we say that deadlines mean nothing then that means that the restraint program savings to the Canadian taxpayer, which could amount to $60 million, may be completely negated.

**Senator Flynn:** No!

**Senator Perrault:** And the cutback—

**Senator Flynn:** No!

**Senator Perrault:** And the cutback will be meaningless.

**Senator Smith (Colchester):** Not at all!

**Senator Perrault:** The cutback will be meaningless, if not to the total extent of $60 million, at least to the extent of part of it.

**Senator Flynn:** Or part of it. May I put a question to the Leader of the Government? He says he is trying to find a legal way—

**Senator Bonnell:** Are you closing the debate?

**Senator Flynn:** No, I am not closing the debate. I said I was asking a question.

The Leader of the Government says he can't find any legal way. Does he know that the first reading of the bill provided a cut-off date of September 8, which was then postponed to November 4. What difference would it make if it were postponed to a few days later in order to qualify this application which was merely received late because a formality was overlooked in the first application?

**Senator Perrault:** The honourable leader talks in terms of a mere formality. If I had been a provincial minister and had been concerned about the urgency of this project I would not have waited until November, after being informed in February of 1978 that I was facing urgent cutbacks in the budget.

**Senator Flynn:** Why don't you answer my question? Give me a reply. You never reply to the question that is asked.

**Senator Smith (Colchester):** That is because there is no answer.

**Senator Frith:** In considering the amendment I know honourable senators would want to know that they had all of the facts on the particular issue that have been emphasized by those supporting the amendment. I am referring to the implication that the committee heard only one side of the story.

I can understand Senator Roblin's coming to that conclusion. I suppose there is a good chance that the Leader of the Opposition, who was present on the second day when the other side was heard, will correct Senator Roblin. But just in case he does not—and forgiving Senator Roblin for his views because, as he pointed out, he saw what happened on the first day only; he saw what happened when the committee heard the minister—let me ask what happened on the second day, when his leader was present.

**Senator Flynn:** I was present for part of it only.

**Senator Frith:** Yes, the opposition leader was present for only part of the meeting—he is quite correct—because after hearing the other side of the story he left. That other side was presented by the senator representing provincial interests. A senator duly appointed for British Columbia presented the other side, and that was our colleague Senator Nancy Bell. She presented it articulately and eloquently, having laid the groundwork for doing so on the first day, as Senator Roblin may have noticed, by posing a great number of questions and insisting on the filing of a great number of documents. She was quite proper in so insisting, for the reason that she should, being a good senator, represent the provincial interests in exactly the way the Province of British Columbia wants them represented. She said, "I want to hear the other side of this story. I now ask you, Madam Minister, to please file all the following documents so that we can see the other side of the story."

This is the Senate functioning in the way it should function according to the Province of British Columbia and also according, I think, to the way we think it should function, namely, having a representative from British Columbia put forward the interests of that province. Senator Bell did so, and did it well.

As a result of that, we saw the other side of the story in detail. In fact, we devoted the second meeting—and it was just as long as the first one if not longer—to examining the whole evidence submitted as to what actually transpired. We saw the telegrams, a submission, a brief submitted by the minister from British Columbia and supported by the senator representing them, plus all the correspondence.

**Senator Flynn:** One of their representatives.

**Senator Frith:** Plus copies of the applications, plus questions from Senator Thompson clarifying and asking further questions of the departmental representative, and questions from Senator Bell.

[Senator Perrault.]

Now we come to when, as has already been pointed out, the Honourable Leader of the Opposition left. Well, when he left it was because he had made a suggestion, which everyone supported, that perhaps we could add a recommendation. This seemed the best way to handle the matter. At that point, everyone agreed with the Leader of the Opposition that it would be a good idea to have some kind of recommendation.

• (1530)

**Senator Flynn:** Agreed. What is wrong with that?

**Senator Frith:** There is nothing wrong with that at all. The only thing that is wrong is to stand here today and, with innocent blue eyes, suggest that we never heard the other side of the story.

**Senator Smith (Colchester):** You never did, and you know it.

**Senator Frith:** With respect, I believe I am qualified to say whether we heard the other side, because I was there and Senator Smith was not.

**Senator Flynn:** I rise on a point of order. I never said what the honourable senator suggested I said. I said that the British Columbia minister should have been heard. I did not say that we heard only one part of the story.

**Senator Frith:** I said that I thought perhaps that you might correct Senator Roblin. His are the blue eyes I was referring to.

**Senator Flynn:** I have green eyes, but sometimes they look blue.

**Senator Frith:** If the eyes fit, wear them.

**Senator Roblin:** I would just like to point out that there is no green in my eye, so I am not taken in by the honourable senator's eloquence.

**Senator Frith:** Honourable senators, the essential point, in reaching a conclusion on this amendment, is that we should all realize that the other side was fully heard. It was well represented, exactly as it should have been represented, by the senator from British Columbia, who had been asked by the other side to represent their interests. That is on the first point.

On the question of whether the amendment—or should I say the non-amendment—

**Senator Bell:** Honourable senators, I would like to say that I was not asked by the Province of British Columbia, or any member thereof, to represent their interests.

**Senator Frith:** Then I am bound to say that the honourable senator's able representation of British Columbia's interests was apparently unaffected by whether or not she was asked, and therefore she is entitled to even more credit because she looked after the interests of her province even though they did not ask her to do so. I guarantee to honourable senators that she did it, and did it well.

**Senator Grosart:** May I ask the honourable senator a question?

**Senator Frith:** If it is in order, yes.

**Senator Grosart:** I rose, expecting the honourable senator to resume his seat when I did so. I rose merely to ask whether he would permit a question.

**Senator Frith:** Yes.

**Senator Grosart:** Is the honourable senator prepared to withdraw the statement, which he has just made, that Senator Bell was briefed by the Government of British Columbia?

**Senator Perrault:** He did not say that.

**Senator Frith:** Senator Bell can correct me if I am wrong. We had before us a brief, or a submission, signed by a Dr. McGeer. As I recall it, Senator Bell presented that to us. If that is wrong, I stand corrected. In any event, the brief was there, and the impression a number of us had was that the brief was being presented by Senator Bell.

**Senator Perrault:** You believed it was an official B.C. brief?

**Senator Frith:** That is with reference to the *audi alteram partem* argument—that the other side was not heard. It was fully heard.

The next question is whether or not the recommendation, in effect, wipes out the main part of the report, that the bill be reported without amendment.

The recommendation arose in precisely the way I suggested it did. Everyone felt, with regard to the question concerning hospitals in British Columbia—and honourable senators will recall that I mentioned this when speaking to the bill on second reading—-that it was the only application for a project of some size and importance that was not received in time. On the second day, when we heard the other side, we were advised, as was mentioned by the Leader of the Government, that a draft application had been sent and comments had been sent back. The application had not arrived in time, and it was a question of whether or not there should be a further amendment to the bill. That did not occur in the other place. The government did not see fit to do that, but passed it on to us in the other form.

With respect, what the committee did—partly on the urging, and certainly with the support, of the Leader of the Opposition—was to solve the problem that arose on the second day when we heard the other side by suggesting a recommendation that some alternative method be found that would not open up the fund to all of the other provinces.

I have already referred to British Columbia's opinion of the Senate. In contradiction of their somewhat contemptuous comments about the work of this Senate, if they will study the record and see what their senator did in this case, they will find that the Senate committee operated then as does the Senate now—in spades, as they say—and performed exactly the function they wanted it to perform, through their representative in the Senate.

Of course, it is possible to continue a discussion of the cutoff date forever, just as in the case of a budget. A budget is brought in, and says what, as of a certain date, the excise tax shall be. At some point we then have to pass a bill to establish that particular date in law.

The decision was made in this case. The evidence before the committee was that it was made well in advance. People were advised, although not formally so until the September 8 telex. The committee heard evidence that the minister herself had been in British Columbia in August and had told them that if they had any projects they had better get them going, because cuts were anticipated and these were the kinds of program that might very well be cut.

The committee heard all of the evidence. I underline that, because the basic tenor of the amendment is criticism of the work of the committee. It is based on the assumption that the committee made a mistake and that it should correct that mistake. It is my respectful submission that no such mistake was made.

With reference to the reply to the telegram emphasized by Senator Smith, those who were present at the committee meeting will recall that the chairman was asked by the committee, "What are you going to do in reply to the letter"? The chairman then suggested that he answer their letter and send them a copy of the report. Of course, he would not want to send a copy of the report until the Senate had passed the legislation. He could then send them the report on the basis of what actually transpired in both the committee and the Senate.

That, in turn, was a corollary to the whole discussion, participated in by the Leader of the Opposition, and resulting in the decision that the bill should be reported without amendment and that a recommendation should go forward to the minister from the chairman of the committee—not from the Senate, although that is up to the Senate to decide—asking if there were any alternative ways to support projects she felt had been unreasonably cut off because of the need to set a specific date.

● (1540)

For all those reasons, honourable senators, it seems to me we must decide that the amendment should not carry, bearing, as it does, a totally unfounded criticism of the committee. The committee should, in my view, for all the reasons suggested, be complimented, not criticized.

**Senator Godfrey:** Honourable senators, I feel I should say a few words at this point, though not with the idea of criticizing either the work of the committee or the decision that the committee made. My presumption is that it would not have made the slightest bit of difference to the ultimate decision if the people from British Columbia had come.

I am a member of the Special Senate Committee on the Constitution, and for the last three or four months we have been talking about this very problem of regional input. We have been asking how we can make it easier for the provinces to make some kind of input when there is a bill before a Senate Committee that they are particularly interested in. I personally have taken a leading part, as the members of the committee who are here will remember, in pushing the concept that any time any committee of this Senate is considering any legislation whatever that might affect the provinces in any special

way, they should automatically be informed and should be asked whether they want to make representations before the committee.

I recall that a few weeks ago we had a perfect example of this in the Standing Senate Committee on Legal and Constitutional Affairs in connection with the referendum bill. I do not think I am breaching any confidences when I say that that is one bill which surely can affect all the provinces, and not just Quebec, since one of the ways in which it can be used is to vault over the heads of a provincial government and appeal directly to the people.

There was a reluctance on the part of the committee to do what I had been pressing hard for in the Constitution committee, namely, advise the provinces that the committee would give them the opportunity to be heard before the committee if they wished to make representations. However, after due consideration the committee agreed that they should be notified, and Senator Goldenberg sent a letter to them. I do not know whether any of them will ever actually want to come before the committee, but I think some of them have reserved their decision and have said, "We will let you know."

I was really very surprised when I heard that the Province of British Columbia had not been given an opportunity to appear before the Health, Welfare and Science Committee, although, as I say, I do not think it would necessarily have made any difference. I can see, though, that one of the reasons was that there was the smell of an election around on Monday, and there was a feeling that this bill had to go through this week. I presume that this situation had some influence on what happened. I suppose the feeling was that if we had delayed it at all for British Columbia to make representations, the bill could not have been passed in time before dissolution.

From what I smell now I do not think there is going to be any dissolution until next week, at the earliest. There is, therefore, time to give British Columbia an opportunity to appear, so that at least it could be said they had their day in court. For that reason I support the amendment, because I would not want us to establish a precedent here today which might imperil a future recommendation of the Constitution committee with regard to the general type of procedure we should follow in these instances.

**Senator Hicks:** Honourable senators, Senator Godfrey has said most of the things that I would have said myself. I think the committee did make a mistake in not hearing representations from the Province of British Columbia directly. I therefore endorse what Senator Godfrey has said, and I, too, support the amendment.

I would like to add one more thing, however. There has been a great deal of talk to the effect that the proposed House of the Federation that was referred to in Bill C-60 of the last session would provide a forum in which federal-provincial matters could be discussed. I have always thought that this was ridiculous. I have always felt that provincial governments would never entrust to members of a federal agency, even one conceived in the rather fantastic way that the House of the Federation was conceived, the resolution of disputes between the Government of Canada and the governments of the provinces.

Obviously the governments of the provinces are going to want to state their own case. I can well believe that Senator Bell stated the case on behalf of British Columbia just as well as any member of the government of that province could have done, but the plain fact of the matter is that the members of the Government of British Columbia wanted the opportunity to do this themselves, and I feel that the committee ought to have given it to them.

**Senator Lamontagne:** Honourable senators, not really having followed this matter, or the activities of the committee related to it, very closely, my brief intervention will be mainly in the form of two questions that I would like to pose either to the Leader of the Government in the Senate or to the chairman of the committee.

First, does the recommendation to the other place that is included in the committee's report represent the views of the British Columbia government? If the answer to this question is in the affirmative, then a meeting with the British Columbia representatives would, in my view, be rather useless.

Secondly, does the Senate have the constitutional authority to amend a bill in order to meet British Columbia's views more directly and more effectively? If the answer to this question is in the negative, then the Senate would be doing all it possibly can to meet the views of British Columbia by formally approving the recommendation of the committee that is contained in the committee's report, as Senator Langlois would like us to do.

**Senator Stanbury:** Honourable senators, I have the same concerns as those expressed by Senator Godfrey a few moments ago, particularly in my capacity as Chairman of the Special Senate Committee on the Constitution. That committee has been working very hard to find ways of acceding to the obvious desire of people in government, at least, in various parts of Canada, including the federal government—a view which has been expressed in certain reports which have come forward from task forces and committees of various organizations—to the effect that the role of the Senate for the future, whether it has been played before or not, should be that of a forum where there can at least be discussion, or ventilation, perhaps, of regional concerns, regional alienations and regional problems.

The committee has been working very hard, as I say, on this problem, and we will be bringing before you, I hope, before too long, a report which will include certain recommendations as to how the role of the Senate might be improved in that regard.

I think I would be inclined to vote for the amendment, except for the case which I have heard made by those who were involved in the committee—and I was not—and by the mover of the motion. I say this because, as a result of listening very carefully to Senator Roblin, Senator Flynn, Senator Smith (Colchester) and others, all of them very much admired

colleagues of mine who have made great contributions to the discussions in the Constitution committee, it appears to me, trying to look at this matter as objectively as I can, that the position of the Government of British Columbia was very fully put before the committee. There was a brief before the committee—

**Senator Phillips:** A brief was not put before the committee.

**Senator Stanbury:** I am sorry, but unless I heard wrongly, there was a brief put before the committee. I am told that the document I now have in my hand is the very brief which was put before the committee.

**Senator Phillips:** May I ask the honourable senator when it was placed before the committee?

**Senator Frith:** When we were hearing their side of it during the second day.

**Senator Stanbury:** I am not a member of the committee, and I am dealing now only with what I have heard today, which, among other things, is to the effect that a brief was before the committee, that representations were made to the committee by senators from British Columbia—

**Senator Flynn:** One senator.

**Senator Stanbury:** All right, one senator. That one senator is as good as six, as far as I am concerned.

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

**Senator Flynn:** Thanks on behalf of the others.

**Senator Smith (Colchester):** She has only one vote.

**Senator Stanbury:** As I understand it, the whole matter was considered very fully before the committee. I feel that the committee owed the courtesy to the ministers from British Columbia to respond to their request, and I am upset about that aspect of this matter.

● (1550)

Apart from that, if the members of the opposition who are members of the committee had been concerned at the time—I am not looking at it in retrospect now, but if they had been concerned about this matter at the time the committee was sitting, it seems to me that one of them should have moved that the committee invite the ministers from British Columbia to come and be heard. Instead of that, it sounds to me as though the members of the opposition who were on the committee felt that the needs of the Government of British Columbia would be adequately served by the addition of the rider which, I understand, was put at the end of the committee report at the request of the Leader of the Opposition. If they were satisfied at that time that the addition of that rider was sufficient to protect the interests of British Columbia, then I think it hardly lies in their mouths now to say that something they failed to do when the committee was sitting is something that we must all be involved in doing now.

I believe that the committee has done its job well. I am sorry that it did not communicate directly with the ministers who made this request, but I have no doubt in my mind that the result is the proper result.

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

**Senator Grosart:** Honourable senators, we have had a long and, I think, a very useful discussion of this rather critical matter which is now before the Senate. I was impressed with the fact that all of those who supported the amendment of the Leader of the Opposition were obviously trying very hard to show restraint because this is a matter in which it would have been very easy for some, particularly members of the opposition in the Senate, to go beyond the issue itself. It seems to me, in spite of all that has been said, that the issue is a very simple one, namely, that the committee made a mistake in not replying at any time to the request of the Province of British Columbia to be heard, and in not arranging to hear the Province of British Columbia. It seems to me that is the only real question raised by Senator Flynn's amendment because all he is suggesting is that the committee reconsider the matter. I feel, in the light of all that has been said, that this would certainly be the better part of wisdom. It would indicate a degree of concern by the committee about what has happened.

It is fair to compliment the committee on their statement of concern. The committee showed concern about this whole matter. They make it very clear in several paragraphs in their recommendation that they are concerned about the effect the bill would have on projects. The chairman has explained why the word "projects" was used and not the word "provinces." They are concerned that these projects will not qualify for assistance and, therefore, they recommend alternative methods. To me it is all to the credit of the committee that, having refused to hear a province of the Confederation of Canada, they realized that an injustice was done, and they have recommended that an alternative method be found to achieve the result which the Province of British Columbia sought to bring about by appearing before the committee.

It is unfortunate—and there have been references to this fact—that this matter has arisen at a time when our own Constitution Committee, the public media, the government itself and the provinces are concerned about the future role of the Senate. Many of us have said that while there is pretty general agreement that we can change our ways, and that there are many things that can be done to make the Senate more effective, a good case can be made that the Senate can realize all the expectations of the public of Canada for its effectiveness in Confederation without any very substantial or earth-shaking changes in the institution itself. For that reason many of us feel that we should start right away.

This, to some extent, has been the tenor of discussion in the Constitution Committee—we do not have to wait until there are constitutional changes or until somebody else forces a course of action on us; we can go to work right now and begin to meet the requirements that some people think we should be meeting.

That is why it seems to me particularly unfortunate that this situation has arisen at this particular time because, no matter

what we say about the external facts, the clear situation we are faced with is a refusal by a committee of the Senate of Canada to hear a formal request from the government of a province of Canada to be heard. I do not know how often such a request has been made, but I do not remember any. I know that provinces have responded to requests by committees, but I do not know of another example in all our recent history where a government of a province has come forward and said, "There is a bill before a committee of the Senate, and we ask to be heard." It is very unusual for a committee of the Senate to refuse to hear anybody. That is one of the extraordinary things about the situation. My experience in committees has been that we do our best, and there have been times when we did not refuse to hear some crackpots. Therefore, to me it is doubly unfortunate that this has happened at this time and in this way.

For that reason I must support the amendment because it does give us a chance to say, "It was a mistake." No committee, no chairman of a committee, and no sponsor of a bill ought to hang his head in shame if he says, "Yes, on hindsight, we made a mistake."

All right; how can we rectify it? It is not too hard. It has been suggested that we take another look at it and that we reconsider. Surely the essence of the solution to any problem is for people to say, "Well, I will reconsider my decision; let me think about it". That is all, so far as I am concerned, that those of us who are directly supporting this amendment are saying.

Many things have been said that, to some extent, I would think tend to cloud that central issue. The Leader of the Government made what I thought was a very eloquent and impassioned plea for consideration of the external facts. I have no intention whatsoever of questioning a thing he said. Without knowing the facts, I am quite prepared to accept everything that was said about the Government of British Columbia—that they were dilatory; that they had every opportunity to put their position before the minister; and that somebody there made a mistake. That is quite possible; I am no judge of that. But let's say that they did; let's say that in the course of the bureaucratic administration, or administration by responsible ministers, they made every mistake in the book—and that could be—but is that a reason for refusing them the right to come and say, "We want to be heard"? Perhaps they were coming to say they made a mistake—to say, "We have come to the foot of the Throne with a plea for equity." That might well have been their purpose.

● (1600)

I think Senator Frith went rather too far when he said that the whole of the other side, meaning the Government of British Columbia side, had been heard. He did not say that just once. It was practically the theme of his sermon. He said that they were heard in exactly the way the Province of British Columbia wanted to be heard, if I have taken down his words correctly. He said that the committee had the whole of the evidence before it; that the other side had been fully heard. Surely he did not mean that. Here was the main provincial government concerned asking to be heard. Surely it is going too far to say that the whole case was heard when the main body that wanted to be heard was not there and was refused a hearing.

That may be his judgment, which I would question, having heard what he did, having heard about a brief—and as far as I know there is no evidence that that brief was ever formally put before the committee, but that does not matter. Having heard one side of it, plus a representation by a senator—and I do not care if there had been representations by 40 people there—it is still not correct to say that both sides had been fully heard when the main entity that wanted to be heard was refused a hearing.

That is all I want to say on that, except that I would be inclined to question some apparent bias that Senator Frith has towards the Government of British Columbia, because he spoke of their formal representations at the meeting of first ministers as being "contemptuous of the Senate." I did not find it that way at all. I did not agree with a word of it; I did not agree with their reading of history, but I did not find it contemptuous of the Senate. But that is perhaps an aside.

Senator Lamontagne made an interesting contribution. He wondered if it would have been constitutional for the Senate to amend the bill. I do not think that point has been raised at all. We have not discussed the possibility of amending the bill. The committee, in its wisdom, has taken its own way to correct, as far as it could, what it saw as the problem created between the federal government and the provincial government, which was a dispute about who mailed what and when, and whether there was delay in the post office and whether the deadline should have been relaxed to accommodate the provincial government. That was a dispute between the federal government and the Government of British Columbia. What we are dealing with here is the situation between the government of a province and a committee of the Senate. It is with that that I am concerned, and shall be increasingly concerned if the motion in amendment is not carried.

I would plead with honourable senators to see it this way. I believe it would be to the credit of the Senate, and I believe to the eternal credit of this committee, which does a good job and has a good chairman, if they would say, "All right, let's play it cool. It's not a bad idea to look at it again." Whether the Government of British Columbia would come I don't know, but I think it would be greatly to the credit of this institution, this Senate, if that were done.

The whole matter has been complicated by the statement that was made by the committee chairman in favour of the recommendation. Senator Smith (Colchester) has dealt with this in impassioned language which I think was justified. I should like to read what the chairman said. These are words that will cause ongoing problems between the Senate and the Province of British Columbia, and probably other provinces, because this is the official interpretation of the decision of the committee; this is why the committee took the attitude it did. The chairman said the committee found:

> The purpose of Bill C-2 was to terminate the Health Resources Fund a year and some months ahead of its original expiry date, and certainly in light of that it was felt by the committee—

Again I emphasize the fact that the committee did have feelings, although it had another feeling later on:

> —it was felt by the committee that every province would probably object to its passage.

As has been said, he thought the committee really felt that. Felt it where? In the brain, the heart? It really felt that every province would object; that every province in Canada would say, "We don't want this bill passed." One province wants to come before the Senate and put the case.

**Senator Langlois:** "Assume" would be a better word.

**Senator Grosart:** I am just making the point that it was felt by the committee that every province would probably object. It was the feeling of the committee. The committee had feelings. Here I am not being sarcastic. The chairman went on:

> It was the feeling that we had nothing further to learn from the provinces.

Senator Smith (Colchester) has emphasized that. That sentence frightens me. If the time should come when this distinguished and venerable institution is abolished, I can almost see those words on a bronze tablet on the site of this chamber:

> It was the feeling that we had nothing further to learn from the provinces.

We had received a brief from one province outlining their objection, and we had the response of the Minister of National Health and Welfare. Of course the committee had.

I return, honourable senators, to my plea. We have all made mistakes. Perhaps some of us, in the heat of debate, have prompted somebody to say something that might have been better not said, and if I have been responsible for that I make my apology. All I ask now is that we agree that we all made a mistake.

Senator Stanbury made reference to the fact that members of the opposition here were not alert and did not do all they might have done. I hope we will not hear too much of that argument until the Senate is in the fortunate position of having an opposition that is much larger than the group at present on this side—which hopefully will not be too far away. But until that time, I would ask that that criticism of our group be not made.

We try to work; we try to cover these committees. It is true that on this particular occasion a few senators on this side were at the committee meeting. I am not a member of the committee, so the criticism was obviously not levelled at me. However, this situation does happen, and will happen again and again as long as we have, as we have had in the last week, four committees sitting at the same time, with three senators from this side on each one of them. That is a situation we have to face here, so I ask that we be not criticized on that account.

The suggestion has been made, however, that because the Leader of the Opposition was there for some of the time and the suggestion to make the recommendation, the generous recommendation, was his, it means that he agreed to the refusal of the committee to hear the Province of British Columbia. I would say it is the very opposite. Perhaps knowing there had been this refusal and anticipating the damage it would do to the reputation of the Senate, it is quite likely the Leader of the Opposition said, "Let's do the best we can. Let's at least ameliorate the thing." I don't know whether that is so, but it seems to me unfair to suggest that because the Leader of the Opposition was there for part of the time that the committee was sitting he is somehow to blame for this whole matter getting to the stage it has got to.

● (1610)

I repeat, then, honourable senators, my plea. Let's think about this; let's undo the harm we have done, and I believe it will be to the credit of us all.

**Senator Stanbury:** May I just take a moment to clarify and perhaps correct what my honourable friend was suggesting I had said? I was not in any way criticizing the members of the opposition. I was saying that the fact that they proposed the rider they did propose to the report of the committee was an indication to me that they regarded that as a satisfactory answer to the problem. That certainly was not intended in any way as a criticism of their sense of duty or their ability to carry out that duty because, as I think honourable senators know, I have great admiration for each of them individually and for the tremendous effort they make collectively on behalf of the opposition in the Senate. I really have very high regard for them.

I would not want particularly the Right Honourable the Leader of the Opposition to go away—I guess I had better not say he is right; I had better only say he is honourable—I would not want him to go away with any thought that I was criticizing the excellent work he does in all respects in this house. I was simply indicating that it seemed to me, without now looking at it in retrospect and trying to decide what was in the minds of the people at that time, to indicate that the Leader of the Opposition felt that the addition of the rider at that time was what was required; that by adding that rider he felt he had done his duty. I am sure that if he felt he had not done his duty, he would have done something more because he does his duty at all times.

**Senator Lamontagne:** Honourable senators, am I interpreting Senator Grosart's intervention correctly as saying that we ought to hear the British Columbia representatives—just to hear them—but we can take no other remedial action other than that proposed by the committee to meet their views?

**Senator Grosart:** Honourable senators, my answer, of course, is that all I have suggested is that I am supporting the amendment which would be that the committee reconsider what has happened. That is all. To me, reconsideration in a situation like this is inevitably the start of some improvement in relations between the disputants.

**Senator Flynn:** Honourable senators, I simply want to put something on the record with regard to the comments made by Senator Stanbury.

When I attended the committee meeting—and I must say that I had attended three committee meetings that morning—I was informed that a motion was before the committee. I think Senator Roblin read the record which referred to a motion made by Senator Inman to have the British Columbia representatives appear, as they had expressed that wish. So, I understood that this matter would be put before the committee.

With regard to the recommendation, there are two things I want to say. First, my experience on this side of the house, with the few troops I have around me, has always indicated to me that, when I can get it, a recommendation is better than nothing at all.

Secondly, at the time when the recommendation was discussed, it was suggested that the Senate did not have the power to amend the bill. I checked on that and the information I have now convinces me that the Senate has the power to amend the bill. But at the time the recommendation was suggested and discussed, it appeared that it was practically the only thing we could do. That is not the case. That is another mistake that we can and should correct.

**Senator Perrault:** Honourable senators, may I provide some information that has just come to me from the Province of British Columbia? The Deputy to the Minister of Education has welcomed the Senate recommendation as being in accord with British Columbia's wishes.

I wanted to communicate that information to you. I would expect a teletyped confirmation this afternoon from the office of the minister.

**Senator Flynn:** He is like I am—he would rather have a recommendation than nothing at all.

**Senator Forsey:** Honourable senators, I should like to intervene simply for the purpose of making two footnotes to the discussion which has taken place.

First of all, I think it is incorrect to say that nobody raised yesterday in the house here the possibility that the Senate did have the power to amend this bill. I specifically rose on that last night and mentioned it, but in the commotion that was going on I suppose my not very stentorian tones were not heard or, if they were heard, even the fact that I quoted the opinion of the Law Clerk of the Senate was considered to be of no importance.

The real point I think that needs to be made, though—the very simple point that needs to be made, which has already been made but can be put perhaps even more concisely, is that even if people in the committee took a certain decision in the light of what they heard and saw and thought and felt then, it does not follow that the same people may not change their minds in the light of new information.

I am not a member of the committee. I was present, however, the other afternoon for most of its deliberations, I think. I think I left after 6 o'clock. At the time, I was under the same impression as the Leader of the Opposition, that probably we did not have the power to make an amendment. On that, I think now I was quite mistaken as a result of what the Law Clerk has said to me.



I thought also that probably there wasn't really very much to be gained by hearing further representations beyond what we had already heard from one senator from British Columbia. My mind doesn't move very fast and it was only later, in the light of further information, that I decided that my passivity in the matter—obviously I could not make a motion but I might have spoken—and my contentment with the position the committee was taking up was a mistake. But the point I want to make, with all the emphasis at my command, is that no matter what mistakes any committee may make, the Senate ought not to be bound by the mistakes of a committee. The Senate should be in a position to say in regard to the report of any committee whatever, "We do not think that this is a good report. We think that the committee should consider this again. We think this, that or the other that the committee has done is inadequate."

If we are going to be put in the position where we are told, "Well, the committee decided this and really, after all, nobody in the committee spoke up and moved a motion to the contrary so everybody must have been satisfied," then I am afraid we are getting back into the position that Senator Roblin and I and a few others found ourselves in back last December when the action of a committee—even in that case rather a provisional action—was considered rather to close the case altogether.

I simply cannot accept the position that the Senate is bound or ought to be bound by any proceedings whatsoever in any committee. No matter how eminent the members, no matter how hard they worked, no matter how brilliant their intellects, I think it must always be open to this body to say we think the committee made a mistake and ask the committee to reconsider, and even after it has reconsidered, when the bill comes back to us from the committee, we have the right to say: Well, we think the committee has still made a mistake and we propose to do something about it.

● (1620)

**Senator Lamontagne:** I wonder whether the honourable senator would permit a question.

**Senator Forsey:** Certainly.

**Senator Lamontagne:** He referred in his remarks to some legal advice he received on the authority of this chamber to amend the bill. I wonder if he could expand on that.

**Senator Flynn:** It is not related.

**Senator Forsey:** I would prefer to have that done by some lawyer, but my information, from the authority I quoted—and I hope I am not out of order in saying that I have the opinion of the Law Clerk of the Senate—was that this was not a money bill, that there was no royal recommendation when it was presented in the House of Commons, that the amendment which was made by the House of Commons was not objected to on the ground that there should have been a royal recommendation, that the expenditure that took place under this bill

was provided for by the original act and that all that was done in this bill was to put in a cut-off date.

If it were really a money bill, it would be beyond our scope to amend, and then it would have to be preceded by a royal recommendation in the other place, and the proceedings which have taken place up to this point would be completely invalid in the absence of any such royal recommendation. In that case, we have no bill before us at all.

**Senator Phillips:** Before beginning a few remarks in support of the amendment, I should like to direct a question to the Chairman of the Standing Senate Committee on Health, Welfare and Science. Senator Stanbury referred to a brief from the Province of British Columbia. I should like to know when the brief was received, who presented the brief to the committee, and whether it was attached to the proceedings of the committee, as part of our normal procedure?

**Senator Bonnell:** Honourable senators, I received two briefs, one from the Department of National Health and Welfare which showed, chronologically, what had happened by province and the answers given by the federal government. A short brief was presented to me by Senator Bell. I did not receive any others.

**Senator Phillips:** Thank you, Senator Bonnell. I am sure, in view of your remarks, that Senator Stanbury will now wish to reconsider how he is going to vote on the amendment.

Honourable senators, I do not intend to criticize the committee's hearings or the action of the committee. I think Senator Godfrey expressed the attitude of the committee very well when he said there was an air of dissolution—

**Senator Godfrey:** A smell of dissolution.

**Senator Phillips:** A smell of dissolution in the air. I think possibly, in retrospect, we were sort of overawed by this aspect of it and, perhaps, did not think we had time to hear from British Columbia.

**Senator Perrault:** They seem satisfied. Why don't you phone them to find out?

**Senator Phillips:** Why? If the chairman of the committee did not bother phoning the ministers in British Columbia, why should any other member of the committee phone them?

**Senator Perrault:** Don't confuse the facts.

**Senator Flynn:** You can say that again.

**Senator Smith (Colchester):** That points out how poorly the thing was run by the chairman.

**Senator Phillips:** I should like to inform honourable senators that, following the motion made by Senator Inman at the committee, I pointed out it would be very difficult to refuse the application from the Province of British Columbia for a hearing. I still feel that way. I can think back to a time when a representative from the Province of British Columbia appeared before the special Senate committee chaired by Senator Stanbury. I asked that representative if he had ever asked to appear before a Senate committee before. That representative said no, rather abashedly I think, and admitted they were probably in error. They have now asked, and I think the shoe is on the other foot. I think the Senate is in error in refusing them the right to appear.

I should like to refer to the remarks made by the sponsor of the bill, Senator Frith. He has again today continued with the attitude he displayed in committee. I illustrate that by reading this remark from the blues. This exchange took place when I suggested that British Columbia should be heard. He said, "Does that go for everybody else too? Is there any other reason? Are we really not talking about whether this is a good idea or a bad idea?" I think it has been prevalent throughout his argument today that it might be a bad idea. It might be just a bit embarrassing if British Columbia did turn up—and we must not have that, honourable senators. I think it would be far more embarrassing for us to look back on today if we do not support the amendment.

I find it difficult to follow the conclusion of Senator Frith when he says that British Columbia was well heard. Honourable senators, how can one say to a province that the committee heard all the evidence and all the claims and yet refuse them the right to appear before the committee? How can we say that they have been well heard? They have been well heard *in absentia*; they have been well heard in silence. How can we say that and then, as an afterthought, refer to a brief that was not submitted? I do not think we can do that. I do not go along with hearings being held *in absentia*, whether they be held in the Senate or in the court room. If they were held in the court room, any party in a suit would be able to appear.

This would be a very dangerous precedent for us to establish and one, I think, which we would regret in the future.

The Leader of the Government, that distinguished senator from British Columbia, said that the fault lies completely with the Province of British Columbia. I don't exactly accept that viewpoint. I would refer honourable senators to a letter which was sent by the British Columbia Ministry of Health to the Department of National Health and Welfare. This letter is dated August 30, 1978, and it is the first application that British Columbia makes on behalf of the Children's/Grace Hospital.

Honourable senators, I could read this letter into the record, but I think it would be far better evidence if it were appended to today's *Hansard*, and I ask permission to do that.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of letter see Appendix "A", p. 711.*]

**Senator Perrault:** That is right out of context. What about all the other correspondence? Are you putting that on the record too?

**Senator Phillips:** If you wish, by all means. I would be delighted to have that appended to today's proceedings.

**Senator Smith (Colchester):** That won't do your case any good.

**Senator Phillips:** The Honourable Leader of the Government disappeared from the chamber and then came back in

and stated that the Minister of Education for British Columbia is pleased with the recommendation of the Senate committee. I am rather intrigued, honourable senators, to find out how the Minister of Education, Science and Technology for the Province of British Columbia learned about the recommendation of the committee. The chairman of the committee certainly did not inform him. I am wondering how he became so informed. I don't think there was that much coverage in the press.

● (1630)

**Senator Perrault:** I read it to him over the telephone.

**Senator Flynn:** You begged for that statement.

**Senator Perrault:** That is a disgusting remark to make—disgusting!

**Senator Flynn:** No, what is disgusting is the way in which you proceeded in this particular case.

**Senator Phillips:** So, the answer was not as spontaneous as it appeared. I would draw the attention of honourable senators to the fact that unless the government accepts the recommendation of this committee, the recommendation is absolutely worthless. It is not worth the paper it is written on. If the Leader of the Government is so thrilled with it, I would ask him to now rise and, on behalf of the Government of Canada, commit this government to accepting the recommendation of the committee. We would all be an awful lot better off if he would do that.

Will you do that, Senator Perrault?

**Senator Flynn:** That would end the debate.

**An Hon. Senator:** Question!

**Senator Thompson:** Honourable senators, I should like to put on the record the situation as it was presented to me and to those senators who were able to attend both committee meetings. First of all, let me say I am sympathetic to the point of view of the opposition and the difficulty they have with having representation at all committee meetings. I admire the way they do get around and cover as well as they do the committee meetings.

I do not know whether Senator Phillips is acquainted with the Honourable Pat McGeer, the Minister of Education, Science and Technology for British Columbia, but I would suggest to you, Senator Phillips, that you do not get responses from him by wheedling them out of him. Any response he gives is honest and fair. The suggestion that a telephone call from the Leader of the Government could elicit some contrived reaction on the part of the Honourable Pat McGeer is a bit of an insult, if I may put it as harshly as that, to the integrity of the Honourable Pat McGeer.

When Senator Bell was making her presentation to us, a number of us asked her what it was she was bringing forward—whether it was simply a letter from someone, or what. She replied that it was a document that came from the provincial Minister of Education, and on that basis we gave it great credence. We studied it in depth. Because of that document, we wanted to get the other side of the picture, which was the response by the Honourable Monique Bégin to the pertinent questions raised by the Honourable Mr. McGeer. It was assumed that, as a cabinet minister in the Government of British Columbia, he was speaking for the government. So there was a brief that clearly outlined the point of view of the Government of British Columbia and their complaints.

We got a complete reply the following day. I congratulate the staff of the Department of National Health and Welfare. They had to work, I am sure, long hours to get all the answers we requested. We then had both the point of view of the Minister of National Health and Welfare and, as well, a detailed letter from the Honourable Mr. McClelland—

**Senator Bell:** Honourable senators, I wonder if I might interrupt Senator Thompson for a moment. There seems to be some confusion in relation to briefs which I was scattering about like rose petals. I should explain that Senator Thompson, as the senator on the Health, Welfare and Science Committee from Ontario, and as one who has long been associated with the Health Resources Fund, and Senator Bonnell, as the chairman of the committee, and Senator Phillips, with whom I had discussed the Health Resources Fund problem—

**Senator Phillips:** Not with me.

**Senator Bell:** I had forwarded to Senator Thompson and Senator Bonnell a brief outline of the position of the Government of British Columbia. Not being a member of the committee, I wanted them to know ahead of time what some of the problems of British Columbia were.

So it was not a brief. It was merely an outline which I sent to them by way of background information. I hope that will clarify it.

**Senator Thompson:** As I understood it—and I think this could be substantiated by reference to the committee proceedings—when you were asked the basis on which you were making the outline you said the basis on which you were able to substantiate your arguments was that the document came from the Minister of Education for British Columbia, the Honourable Pat McGeer.

That document led to questions on the part of Senator Bell and others wanting clarification from the minister. Speaking for myself—and I am sure this applies to most senators—because it was a children's hospital, my feeling was to do whatever I could to help the cause. We looked at it, I think, with a great deal of sympathy. We looked at the letter of October 25 from the Government of British Columbia to the federal minister outlining the argument of the Government of British Columbia; we looked at the letter of February 16, which again reasserted the position of the B.C. government.

These were letters to the Minister of National Health and Welfare and were signed by the B.C. Minister of Health, the Honourable Mr. McClelland. We looked at a further letter, this one dated January 15, again to the Honourable Monique Bégin from the Honourable R. H. McClelland, and a letter of March 5, both of which again stated the points of view that the

B.C. minister felt should be taken into consideration by the Honourable Monique Bégin.

In light of that, it is my view that we did have a picture of what the situation was from the point of view of the B.C. government. It appears that it is a technicality which is causing some of the difficulty. I could be critical of the B.C. government. They started this children's hospital in November 1977. Yet, it was after the deadline before they finally got their submission in.

Because we were all looking for ways in which we could help the B.C. government in this respect, I thought at first that perhaps the B.C. government was new to this. But then I found out that in the year 1977-78 it had already received $21 million for a Health Science Centre. In fact, B.C. utilized the fund to the level of 88 per cent. Given those facts, the pattern of the procedure by which the provinces apply for and receive these grants must have been apparent to them. Manitoba, for example—and I am sorry Senator Roblin is not in his seat—had only utilized the fund to the level of some 65 per cent.

I am delighted that the B.C. provincial minister has said that the Senate has looked objectively at the legislation.

**Senator Flynn:** You cannot take that for granted.

**Senator Thompson:** Well, he is delighted with the result, and whether or not we were objective, it appears from the report of the Leader of the Government—

• (1640)

**Senator Flynn:** It all depends how it was put to him. I can well imagine how the Leader of the Government informed the minister.

**Senator Perrault:** That was your style when you were in power. You are thinking of the old Tory days.

**Senator Thompson:** Well, I for one am convinced, when the Leader of the Government stands in this house and tells us that British Columbia is delighted with what has taken place, that it is so, and I believe him.

**Senator Flynn:** You just want it to be believed. Question!

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that this bill be not now read the third time, but that it be referred back to the Standing Senate Committee on Health, Welfare and Science for further consideration of the request made by the Government of British Columbia to appear before it.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion in amendment please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion in amendment please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "nays" have it.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

• (1650)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Beaubien | Macdonald |
| Bélisle | Phillips |
| Bell | Quart |
| Deschatelets | Roblin |
| Flynn | Smith (Colchester) |
| Forsey | Wagner |
| Godfrey | Walker |
| Grosart | Yuzyk—16. |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Adams | Laird |
| Anderson | Lamontagne |
| Barrow | Langlois |
| Bird | Lewis |
| Bonnell | McElman |
| Bourget | McGrand |
| Buckwold | McIlraith |
| Cameron | McNamara |
| Cook | Molgat |
| Cottreau | Neiman |
| Croll | Norrie |
| Davey | Olson |
| Fournier (Restigouche-Gloucester) | Perrault |
| | Petten |
| Frith | Riley |
| Giguère | Rizzuto |
| Goldenberg | Robichaud |
| Guay | Sparrow |
| Haidasz | Stanbury |
| Hastings | Steuart |
| Hayden | Thompson |
| Inman | Williams—44. |
| Lafond | |

**The Hon. the Speaker:** I declare the motion in amendment lost.

**Senator Hicks:** Honourable senators, I did not vote as I was paired with the Honourable Senator Graham. Had I voted, I should have voted for the amendment.

**The Hon. the Speaker:** Shall the main motion carry?

FURTHER MOTION IN AMENDMENT

**Senator Bell:** Honourable senators, I should like to move, seconded by the Honourable Senator Forsey, that Bill C-2 be not now read a third time but that it be amended as follows:

*Page 1, clause 1:* Strike out lines 11, 12 and 13 and substitute the following:

"thereof is authorized by the Minister pursuant to subsection 4(1) or 5(1) on a proper application submitted before November 20, 1978."

• (1700)

**The Hon. the Speaker:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Bell, seconded by the Honourable Senator Forsey that Bill C-2 be not now read the third time but that it be amended as follows:

*Page 1, clause 1:* Strike out lines 11, 12 and 13 and substitute the following:

"thereof is authorized by the Minister pursuant to subsection 4(1) or 5(1) on a proper application submitted before November 20, 1978."

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

**Senator Bell:** Honourable senators, perhaps I might be allowed to say a few words regarding the amendment. I seem to have received some criticism from the Senate for conferring with ministers of the Crown in British Columbia, and criticism also from ministers of the Crown in British Columbia for not doing my job in the Senate. So some days we are damned if we do and damned if we don't.

I know that I have mentioned this before, perhaps two or three years ago, as has the Leader of the Government in the Senate. In fact, we have tried to get governments in British Columbia—and during my time in the Senate we have had two Social Credit governments and one NDP government in British Columbia—to tell us their problems and to confer with us.

On this occasion I was not acting any differently from my usual custom. If we have a problem concerning a piece of legislation before the Senate dealing with forestry, I get in touch with British Columbia forest product companies to find out how the legislation will affect a particular area. I obtain their advice. If it is a problem regarding fisheries, I speak to fishermen I can trust, or with the unions or packing companies. In connection with the Maritime Code, I spoke with the vessel owners, and so on.

I cannot see any other way of proceeding. This is a bill which has to do with the British Columbia government; so naturally I wanted to find out their opinion. That is my customary way of operating.

[The Hon. the Speaker.]

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

**Senator Bell:** I should like to make it very clear that they did not brief me. I asked them. I also made it very clear to both the Minister of Health and the Minister of Education, Science and Technology in British Columbia—in thanking them for their information, for the briefing they gave me subsequent to my request—that I was acting independently and that I would draw my own conclusions from the material that came before me as a member of the Senate. That, I hope, I am doing.

Honourable senators may recall that when Senator Frith, the eloquent mover of Bill C-2, explained the principle of the bill, I was quite incredulous. I could not believe that we had accomplished so much in a short time, that we were able to graduate all those worthy medical students who were able to become good medical practitioners—because according to my information, in British Columbia—and, so far as I knew, across the country—only one student out of perhaps 1,000 applicants was selected.

• (1710)

On looking into this I find that we graduated 80 medical students in British Columbia last year. The British Columbia College of Physicians and Surgeons registered 300 from outside the province, and indeed from outside Canada. British Columbia is rectifying this situation by doubling its medical training capacity, part of this being possible as a result of the help received from this fund.

What I was incredulous about at the time the bill was introduced for second reading was that an action such as this would be possible, that a bill passed in Parliament in 1966 could suddenly be cut off when Parliament was not sitting. In other words, this was an executive action, unapproved of and unassented to by Parliament. I feel that the actions taken subsequently to this are illegal until Parliament approves them. That is why we are here just now, and that is why I find this business of the date and time so upsetting. We are being asked to rectify an illegal action of the government—that is what it amounts to—retroactively. I think that in the Senate we are not in favour of retroactive legislation unless it is of particular benefit to the people of Canada. It could be argued that we are going to save $74 million, which was already allotted, and which was supposed to last till the end of 1980. Perhaps that is a benefit. I do not know. That is one of the things, however, that I find very disturbing in Senator Frith's analysis of the bill.

Another thing that I find very disturbing is the lack of consultation. I realize that sound reasons have been given for this, in one sense; but in another sense we know that in 1966, before this excellent Health Resources Fund was made into an effective working law, much consultation went on. All provinces were consulted, an *ad hoc* committee was formed, and it worked very well. The official who appeared before the Senate Committee on Health, Welfare and Science said that the

co-operation with all provinces had been excellent all through the 12 years of the life of that act, which has accomplished a great deal of good. The government is to be congratulated on its foresight in helping the country develop its health resources and research facilities, and in this way meet the needs of the people.

Something that we keep forgetting in all of this is that the government has no money of its own. Parliament, in the name of the people of Canada, has voted this $500 million for this particular purpose. If this money is to be cut off, it is Parliament that should say when it is to be cut off, and for what reason, but only if the reason is good and sufficient.

**Senator Grosart:** Hear, hear.

**Senator Bell:** One of the things we have heard this afternoon is that the Senate does not provide adequate regional representation. I think it was the new Attorney General of Nova Scotia who said at the constitutional conference that took place at the end of October last that he was quite satisfied with regional representation, but that he was a little disturbed about the aspect of sober second thought. He felt that we were not giving the consideration to certain bills that we perhaps should be giving. Some of us can remember, I have no doubt, that in recent times we could be faulted for this, and the possibility of an election has been held out as an excuse. This is what happened last year with regard to the Labour Code. I think we all remember that, and we are still suffering from not giving it due attention. I hope we will not do that at this time with regard to this particular bill.

We have an excellent minister, who, I feel, is really not getting the support and encouragement she needs. She does not want to make these cuts. If we look at what she has accomplished and at what the Government of British Columbia is asking for, as far as I am concerned there is no reason why we cannot make this work in such a way that federal-provincial relations will not be made more difficult in the future, simply because there is a technical flaw connected with a postal strike.

It has already been put on record that the ministers of British Columbia sent a telegram asking to appear before the Standing Senate Committee on Health, Welfare and Science. The telegram was sent to the chairman, and a list was read out indicating that copies were sent to all members of the committee and to all members of the B.C. caucus in the Senate. I may say that I have never received my copy of that telegram. I do not know if anyone except the chairman has received a copy. If that can happen to a telegram that was sent out last Friday afternoon, even allowing for the time difference between British Columbia and here, and even supposing the B.C. government was being very restrained in sending the telegram at night rates, surely by Wednesday afternoon we should have had our telegrams. That is not the fault of the post office, it is the fault of the telegraph service. Perhaps B.C. did not get its application in the mail quickly enough—and I am not saying that that is the case; we will look at the evidence and see—but I think that there is something very wrong with our communications service in Canada.

I hope you will approve this amendment. I think it will solve the problem we have. I hope we will hear no more about it and that good relations will be established again with the provinces.

**Senator Hicks:** Honourable senators, if the Honourable Senator Bell thinks that I can support this amendment, she completely misunderstood my reasons for supporting the previous amendment. I do feel that the ministers from British Columbia should have been heard: that might have had a bearing on the bill in general, and on whether it was passed or whether there should be general changes; but once the date of November 4 was set, then I think we were stuck with that date. It is true that to move the date to November 20 might accommodate British Columbia, but what do we know about other provinces, who, if they had known that the cutoff date was to be extended by more than two weeks, might have had applications in as well? It seems to me the date of November 4 having been announced by the minister, it is exactly the same as a budget speech. We either have to accept it, or defeat the bill in its entirety.

It is well known that I think it is a pity that this program was cut off without continuing it until December 31, 1980. But having once made a change I cannot support an amendment that would have the effect of bringing in one project in one province without regard to what the effect might have been had a different date been announced in relation to the other provinces of Canada.

I am afraid, therefore, that much as I am in sympathy with the needs of British Columbia, I cannot support an amendment designed specifically to accommodate a certain project in that one province.

**Senator Flynn:** Honourable senators, I have only a few words to say.

Senator Hicks, I think, does not understand or is not familiar with the situation. We were very careful in committee to establish that this is the only problem of this kind. The application was sent unsigned, but with a signed letter, which arrived on time. The application was returned because the requirement was for an application duly signed on the form itself. It was the form duly signed that arrived a little too late. It is therefore merely a technical defect in the application that prevents British Columbia, under the bill as drafted, from getting what they requested. We made sure in committee—the minister, Madam Bégin, told us, and I think the deputy minister, Dr. Dupont, told us as well—that there were no other cases of that kind. None.

● (1720)

We are not creating hardship for anyone else but only offering additional help in this special case. By changing the date we are only doing what the minister herself did in the other place. The first time the cutoff date was September 8, and it was changed to November 4. So we are saying that if the application was made correctly before November 20, 1978, the minister is authorized to make the payment as provided in

the present legislation; that is all we are doing. We are doing no injustice to anyone.

Furthermore, since the Leader of the Government thought of phoning the provincial minister to tell him of the Senate's great achievement in making a recommendation, it seems to me that by passing this legislation we would give the government leader an opportunity to phone him again and say, "Not only have we recommended that they look after your problem, but we have solved it." I am sure he will rush to the telephone if the Senate has the courage to adopt this amendment and correct something that is entirely unfair.

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

**Senator Thompson:** I should just like to clarify a misunderstanding that the honourable Leader of the Opposition has. As I understand it, the unsigned document that was presented to the Department of National Health and Welfare was considered by neither the provincial department nor the federal department as the official document. The requirement is for signed documents, and these have to go through a process of being signed by the deputy minister of the province plus the minister. This was a draft document to indicate the work plans and the specifications of the project. If he had had the opportunity of being able to go through this documentation which was presented to us—and I appreciate why he did not—he would have seen that there was a letter from Dr. Dupont, the Director-General of the Department of National Health and Welfare acknowledging these specifications and plans and saying that they agreed provided those modifications took place. This is a small point, but it is still important.

**Senator Flynn:** It does not change the substance of my argument.

**Senator Frith:** With respect, it changes it very substantially because it creates the impression that there was some technical refusal to recognize a document that was an unsigned application though the letter that included it was signed. In fact, it was clear from the evidence of Dr. Dupont that the practice was to send in a draft application for comments. In fact, that is what happened, and comments were sent back to British Columbia. Then they waited for the duly authorized application signed by the minister, which is a very important distinction, it seems to me.

**Senator Flynn:** There was also a mail strike.

**Senator Bell:** Honourable senators, this is ridiculous. Perhaps we should go back to committee. What happened was that on August 30 or thereabouts this unsigned preliminary draft was submitted, and then the announcement came. No word had been heard, so British Columbia resubmitted the same thing because they knew there was very little that would be changed. Discussions had gone on between some of the departmental officials. They sent in the signed formal application on October 13. That crossed with the reply to the unsigned draft. British Columbia had to go with the reply to the unsigned draft. British Columbia had to go with the properly signed application which was sent on October 13 which got caught in the mail strike. They really were not quite as inept as some of us are being led to believe.

**Senator Perrault:** Honourable senators, may I say that in the last 20 minutes I have had an opportunity to have a very useful conversation with the Honourable Patrick McGeer, the Minister of Education of the Province of British Columbia.

**Senator Flynn:** Another one?

**Senator Perrault:** Senator, may I suggest that you could usefully make more constructive telephone calls and ascertain more facts before you speak with such misguided eloquence.

**Senator Flynn:** You are misguiding us.

**Senator Perrault:** Senator, would you remain seated unless you have a valid point of order? You know the rules better than that; you have been around this landscape for a considerable period of time.

**Senator Smith (Colchester):** Stop lecturing and get on with what you have to say.

**Senator Perrault:** The Minister of Education has undertaken to send a telegram to the Senate commending the Senate for its work with respect to this measure.

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

**Senator Flynn:** I rise on a point of order. I will not accept what the Leader of the Government tells us about some conversation he had. If he wants to discuss this matter with the minister in my presence, I will take his word; otherwise, I challenge the Leader of the Government.

**Senator Langlois:** You have to take his word.

**Senator Flynn:** I think Mr. McGeer should be asked whether he is satisfied with the recommendation or whether he would prefer the amendment, and then bring me his reply.

**Senator Perrault:** Honourable senators, I spoke with the minister. Let me convey to you, pending the delivery of a message from the minister—

**Senator Flynn:** No.

**Senator Perrault:** —the nature of the conversation.

**Senator Flynn:** It is totally improper.

**Senator Perrault:** Honourable senators, this is a classic case of the Leader of the Opposition's saying, "Don't confuse me with the facts; my mind is made up".

**Senator Flynn:** You invented that yourself. It is quite obvious.

**Senator Perrault:** He should actively pursue the capacity to maintain an open mind instead of an empty mind.

Honourable senators, the situation was fully described to the minister. The exact transcript of the Senate recommendation was read to the minister and telexed to him so a copy is available to him. He stated that he felt that there was no point in coming down to testify before the Senate committee in view of the fact that the Senate had produced an excellent recommendation to the government. He said, "Let me say the

Senate's work is excellent—first class". He went on to say, "In any event, the Province of British Columbia will pursue this matter further. We feel the Government of Canada may have to respond to any testimony provided by us as a result of the Senate initiative." He added, "Everything that can be achieved has been achieved by the Senate, and I want to thank you."

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

**Senator Perrault:** He stated that a telegram would be sent to the Senate.

If the honourable senator wishes to make his own telephone calls, I am sure Bell Canada is always available for the tariff, but I want him to know that, as candidly and as objectively as possible, I have set forth the alternatives for the honourable provincial minister, whom I have known for a great many years.

I have also pointed out the fact that the opposition pursued with great vigour today, as is their right, a request that the Province of British Columbia appear before the Senate committee. I said, "These are the alternatives before me as Leader of the Senate, and these are the alternatives before the Senate." The minister replied, "In view of the Senate recommendation, I see no necessity at this time for the Province of British Columbia to come."

**Senator Roblin:** May I ask a question of the Leader of the Government? Now that diplomatic relations have been restored with the Province of British Columbia, would he be so kind as to tell us whether he will make another effort to find out what they think about the amendment before us. If we are to have the minister's attitude to what we have discussed so far, I think it might be appropriate if the Leader of the Government would telephone him and ask him which he would prefer—the resolution that has been proposed by the committee, or the amendment to the bill proposed by my honourable friend, the senator from British Columbia, Senator Bell.

**Senator Perrault:** Honourable senators, I am not going to get into a limitless process of contacting other ministers or other levels of government. It is time for the Senate to decide whether we are going to seriously consider the possibility of moving a deadline in order to accommodate one province—even although it may be the province of my birth—or whether a policy adopted by the government, which is not inconsistent with that pursued from time to time by all governments, shall be supported. For that reason I must oppose this amendment.

• (1730)

**Senator Grosart:** Would the Leader of the Government reply to this question? In his conversation with the British Columbia minister, did the minister say that he had no objection whatsoever to the fact that his department had been refused a hearing by the Senate committee? Did he make any comment on that? Did he say he was happy about it, or disliked it; if he made another such similar request, would he be equally happy if that request was refused by the committee?

**Senator Perrault:** Honourable senators, no complaint was registered by the minister.

**Senator Grosart:** I did not ask that.

**Senator Perrault:** No question was raised.

**Senator Grosart:** Would the Leader of the Government answer the question? I asked him specifically if he discussed the question of the refusal of the Senate committee to hear the minister's department?

**Senator Perrault:** The answer is no.

**Senator Grosart:** The answer is no. Fine.

**Senator Roblin:** Before I am asked to vote on this motion, may I inquire of the Leader of the Government whether he is in a position to give the house any assurance as to what action will be taken by the Government of Canada should this amendment be defeated, and the main motion is adopted with the subsequent motion that is going to be moved by his honourable colleague with respect to the rider that the committee has put before us? What I am trying to get at is what that rider means. It means an expression of opinion as far as we are concerned. It is to be given to the other house, and, as my honourable friend is a member of the Government of Canada, is he in a position to give us any undertaking as to what will happen when the Government of Canada considers it?

**Senator Perrault:** I can only repeat what I stated earlier. The Honourable Monique Bégin and members of cabinet have tried diligently to find and determine a reasonable way in which this request by the Province of British Columbia—as with similar requests of a similar type from other provinces—could be accommodated.

**Senator Flynn:** There are none from other provinces.

**Senator Perrault:** However, because of the undeniable fact that technically this application did not arrive until after the deadline, it is not possible to accommodate—

**Senator Flynn:** Certainly it is.

**Senator Perrault:** —this program under the Health Resources Fund Act—

**Senator Flynn:** With an amendment.

**Senator Perrault:** —which has brought untold benefits to Canadian medical science and research since its inception in 1966.

**Senator Flynn:** Oh, come on!

**Senator Perrault:** I suggest that no other government has advanced a program that has been quite so useful as this program has been.

**Senator Flynn:** Come on!

**Senator Grosart:** That is why you cut it off.

**Senator Roblin:** I should like to put a further question. Considering the fact that the present administration has, in one form or another, been in office for the last 18 years, I

suppose we can't quarrel with the last remark. It is the only government we've got, so we've got to make the best of it. The point I am trying to make is that the Leader of the Government has told us of the ministry's concern to find a way around this problem to meet the problem of British Columbia. I ask my honourable friend if he does not think that the amendment now before us accomplishes that purpose completely?

**Senator Perrault:** The amendment before the chamber would negate completely a perfectly normal government procedure of establishing a cut-off date. Once a precedent is established for one province, that precedent invites and threatens the complete destruction of a policy—in this case a program—which is an important part of the restraint policies which have the support of the first ministers and the people of Canada.

**Senator Flynn:** No.

**Senator Roblin:** Would my honourable friend therefore support this proposition, if I may ask him the question, since he is seeking a way of accommodating British Columbia in this matter: If some other province came up with an equal case would he not seek to accommodate it? If that is the case, what is he arguing about?

**Senator Perrault:** The recommendation that goes forward from the Senate reflects great credit on the Senate, the kind of credit expressed today in such warm terms by the Minister of Education of the Province of British Columbia. May I suggest that noting this proposal, the other place will give fair consideration to the Senate recommendation.

As far as the program is concerned, statistics are available—

**Senator Flynn:** We are not asking anything about that.

**Senator Perrault:** —with respect to the percentage of participation by each of the provinces.

**Senator Flynn:** Oh no!

**Senator Perrault:** I am attempting to turn up the figure for the Province of Manitoba. I understand they have been eager participants in the program, and the federal government has been most pleased to co-operate with them.

**Senator Forsey:** So what!

**Senator Smith (Colchester):** Honourable senators, I hope I shall not take very long—unless, of course, someone persuades me to do so. I really must protest that the Leader of the Government gives us very little credit for being able to see through a subterfuge. We all know why he called the British Columbia minister. He called because he had been pushed to the wall; he knew he was wrong, or his committee was wrong, and he had to do something to try to extricate himself from the most embarrassing position in which he had allowed himself to fall.

**Senator Flynn:** Certainly.

**Senator Phillips:** Have you phoned him before?

[Senator Roblin.]

**Senator Smith (Colchester):** If he thinks we can't see through that he gives us even less credit than I thought he did.

**Senator Flynn:** It is contempt for the intelligence of the Senate.

**Senator Smith (Colchester):** After all, what could the poor British Columbia minister say when he was offered this alternative, and told, "Here is a recommendation. We hope it will mean something to you. Would you say you are satisfied with it?" What else could he say? Gracious, gracious, gracious? I don't suppose he would have done anything if the opposition and those who associated themselves with us in the debate and the vote had not pressed the matter so hard. We wouldn't have heard of any telephone calls to British Columbia, except to make excuses.

All this talk about moving the deadline leaves me utterly and completely cold, as it should everyone, because the deadline was first September 8. No one could deny that. That is the truth; that is a fact. Because there was a wish to accommodate certain other desires and provinces, or a province, that deadline was moved to November 4. We all know that. So what is the good of standing up here and trying to hornswoggle us with a story about difficulty in moving deadlines? My goodness, it's one thing to make up your mind and stick to it, and it's one thing to try to bamboozle people who can't see through what is going on, but give us a little credit for being able to see what you are doing. In any event, the honourable gentleman has absolutely no ground whatever to stand on in respect of the matter of moving deadlines, because it has been moved once already.

**The Hon. the Speaker:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bird, that this bill be now read a third time.

In amendment, it is moved by the Honourable Senator Bell, seconded by the Honourable Senator Forsey, that Bill C-2 be not now read a third time but that it be amended as follows:

*Page 1, clause 1:* Strike out lines 11, 12 and 13—

**Some Hon. Senators:** Dispense.

**Senator Roblin:** Please read it.

**Some Hon. Senators:** Dispense.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "nays" have it.

*And more than two honourable senators having risen:*

**The Hon. the Speaker:** Please call in the senators.

● (1740)

Motion in amendment of Senator Bell negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Beaubien | Phillips |
| Bélisle | Quart |
| Bell | Roblin |
| Flynn | Smith (Colchester) |
| Forsey | Walker |
| Grosart | Yuzyk—13. |
| Macdonald | |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Adams | Inman |
| Anderson | Lafond |
| Barrow | Laird |
| Bird | Lamontagne |
| Bonnell | Langlois |
| Bourget | Lewis |
| Cameron | McElman |
| Cook | McIlraith |
| Cottreau | Molgat |
| Croll | Neiman |
| Davey | Norrie |
| Deschatelets | Olson |
| Fournier (Restigouche-Gloucester) | Perrault |
| Frith | Petten |
| Godfrey | Riley |
| Goldenberg | Robichaud |
| Guay | Rowe |
| Haidasz | Stanbury |
| Hastings | Thompson |
| Hayden | Williams—40. |

**The Hon. the Speaker:** I declare the motion in amendment lost.

Honourable senators, is it your pleasure to adopt the main motion?

Motion agreed to and bill read third time and passed, on division.

MOTION THAT MESSAGE TO HOUSE OF COMMONS CONTAIN COMMITTEE RECOMMENDATION

[*Translation*]

**Senator Langlois:** Honourable senators, I move, seconded by Senator Bourget, P.C., that the message which is to be sent to the House of Commons with Bill C-2 contain the following recommendation appearing in the report of the Senate Standing Committee on Health, Welfare and Science, as follows:

> Your Committee, however, is concerned about the effect Bill C-2 would have on certain projects that were in progress on November 4, 1978. This is the date set out in the Bill after which the Minister would no longer be able to authorize payments under the *Health Resources Fund Act* to the government of a province in respect of a health training facility as defined in that Act.
>
> Your Committee is concerned that these projects will not qualify for assistance under the Act merely because the particular applications in respect of these projects were not received by the Minister prior to November 4, 1978.
>
> Your Committee, therefore, recommends that the Government consider alternative methods of providing financial assistance in respect of any such project that, but for the cut-off date set out in the bill, would have qualified for a contribution under the Act.

**The Hon. the Speaker:** The Honourable Senator Langlois moves, seconded by the Honourable Senator Bourget, P.C.—

**Some Hon. Senators:** Dispense.

**The Hon. the Speaker:** —that the message which is to be sent to the House of Commons—

**Some Hon. Senators:** Dispense.

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

● (1750)

[*English*]

**Senator Roblin:** Honourable senators, is my honourable colleague going to explain what he is up to here?

**Senator Langlois:** The explanation is that my motion follows on a ruling made by Her Honour the Speaker on November 28, 1978, in connection with Bill C-5. I will read the important part of that ruling:

> The point of order raised by the Leader of the Opposition is that when a Commons bill is reported by a Senate committee without amendment but with recommendations and/or observations, the message to the House of Commons should include such recommendations and/or observations. It is simply a matter of custom and usage and it has never been the custom to include the recommendations and/or observations of a committee in a message to the other house with respect to the passing of a bill. In my opinion, there is no procedural barrier to the inclusion of such recommendations and/or observations in the message to the House of Commons. However, I suggest that each case should be judged on its own merit and that the Senate should decide in each instance if it is advisable and in the interest of the Senate to include the recommendations and/or observations in the message.
>
> In conclusion, it seems to me that whenever a Commons bill is reported without amendment but with recom-

mendations and/or observations, the Speaker, after third reading, might seek the approval of the Senate to have the recommendations and/or observations included in the message to the Commons. The Senate would then decide and it could be so ordered by the Speaker.

The purpose of my motion is to make sure that the recommendation of the committee is brought to the attention of the other place for any future action, if they so desire to take such action.

**Senator Grosart:** Would the deputy leader permit one question which I believe this motion raises. This is a fairly important question because of the ruling given by Her Honour that when a committee reports a bill without amendment, such report shall stand adopted without any motion, and that the senator in charge of the bill shall move that it be read the third time at a future date. Because of that we are put in the position, if a committee brings a report on a bill without amendment but with recommendations, of having no opportunity to debate the report. Is this an anomaly that the Rules Committee should straighten out?

**Senator Langlois:** This is entirely another question. This should be considered by the Rules Committee at an appropriate time. My motion does not relate at all to the point Senator Grosart has raised. We are merely adding a new custom, and I hope this precedent will be followed in the future.

**Senator Roblin:** I appreciate the motion my honourable colleague has just made. I think it is timely and well taken. I think it should lead to good results. However, I am also concerned about the way we deal with reports of committees in this house, because it seems that we very seldom go into Committee of the Whole. In other bodies of this kind, almost invariably there is a Committee of the Whole stage on bills that come before the house, which provides an opportunity to discuss matters of detail in a manner not possible in any other form when the Senate as such is meeting. I am concerned about reports of Senate committees.

I would like particularly to inquire of my honourable friend if he has given consideration to having the Rules Committee consider the status of the reports which are received in respect of matters which have been taken under consideration? I think we have a quite commendable practice here of referring the subject matter of a bill to a committee so that it may be considered in advance, particularly if it is a complicated bill. That sometimes is an advantage and gives us a head start in considering the substance of the bill. However, when the committee has considered the substance of the bill it produces a report. What is the status of that report? The problem that bothers me is that when that report is presented to the Senate it pre-empts, in a sense, or has a tendency to pre-empt, the position of the Senate with respect to second reading, because it deals with a bill which has never been introduced in the Senate, and a bill which the Senate has had no opportunity to debate on second reading, which is the debate on the principle of the bill.

This occurred just before Christmas in connection with the Unemployment Insurance Act. In my opinion, this had a tendency to preclude the position of the Senate with respect to following the regular procedure in dealing with second reading and matters of principle.

My offhand suggestion is that the method we employ in dealing with the subject matter of a bill is good, and I am not suggesting we should give that up, but I wonder whether it would be proper to suggest that such reports be not returned to the Senate until the bill itself is before the Senate and second reading has been disposed of. If the committee report is held up until that stage, then my problem is solved. If the report comes in before the second reading of the bill, I think there is a tendency to disrupt the normal procedure and, in a sense, pre-empt the judgment of the whole Senate in favour of the verdict of the particular committee.

I commend that matter to the attention of my honourable colleague.

**Senator Langlois:** My honourable colleague no doubt will recall that when we had before us the Unemployment Insurance Act I made a similar observation, and I suggested that that matter be looked into by the Rules Committee. A few days after that I had a private conversation with Senator Molson, the chairman of that committee, and he agreed with me that the Rules Committee should look at this practice of pre-studying bills so that the Senate would not be precluded from discussing the principle of each bill on second reading.

**Senator Roblin:** I am well satisfied with that. I thank my honourable colleague.

Motion agreed to.

## JUDGES ACT AND CERTAIN OTHER ACTS IN RESPECT OF THE SUPREME COURTS OF NEW BRUNSWICK, ALBERTA AND SASKATCHEWAN

BILL TO AMEND—THIRD READING

**Senator Stanbury** moved the third reading of Bill C-43, to amend the Judges Act, to amend An Act to amend the Judges Act and to amend certain other Acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See page 701*)

August 30, 1978

Dr. J. A. Dupont,
Director-General,
Health Manpower,
Department of National Health and Welfare,
Brooke Claxton Building,
Ottawa, Ontario K1A 1B4

Attention: Mr. J. Colbeck, Program Administrator

Re: Health Resources Fund—Submission of Project Form HRF6 Projects No. BC 20 & 23—Children's/ Grace Hospitals

Dear Sir:

As promised at the time of my visit to your office earlier this month, I am attaching two copies of a draft of Form HRF6 relative to the above projects which we trust you will find in order. We are forwarding under separate cover a set of scale floor plans pertaining thereto.

It will be noted that the project covers only the new building at a cost of $38,875,610 in comparison to the gross cost of $48,350,000 as we have deleted the shared services portion which is to be provided by the Shaughnessy Hospital in conjunction with other hospitals. We are also attaching a summary showing the deductions made. It was felt this was perhaps the best approach as either way would not present a situation which would normally be found in a complete project. It was also considered that the funds remaining in the Health Resources Fund would be depleted with the reduced cost.

As requested, we have included information (page 1, Item 4(a-e) showing the estimated cash flow required for this project up to mid 1980, with allowance for the 10 per cent final payment in subsequent years. It will be noted we have only shown a total cash flow of $9,000,000 as the Fund will be exhausted before the completion of the project.

We are anxious to commence preparing a claim for work already completed and regret the delay in making this submission and look forward to your acceptance so that a formal submission can be forwarded for approval by your Minister.

We will be pleased to answer any further queries you may have with respect to this project.

Yours truly,

J. Glenwright,
Assistant Deputy Minister,
Hospital Programs

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HEALTH RESOURCES FUND
PROJECTS BC 20 AND 23
CHILDREN'S—GRACE HOSPITALS

| | | | |
|---|---|---|---|
| Gross Buildings | | $48,349,610 | 630,314 sq. ft. |
| Less: | | | |
| Car Park | $2,300,000 | | |
| Shared Services | 7,174,000 | 9,474,000 | 206,869 sq. ft. |
| Net Buildings | | $38,875,610 | 423,445 sq. ft. |

# THE SENATE

**Thursday, March 8, 1979**

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

Prayers.

## HEALTH RESOURCES FUND ACT

COMMITTEE RECOMMENDATION—STATEMENT OF GOVERNMENT LEADER—QUESTION OF PRIVILEGE

**Senator Flynn:** Honourable senators, I rise on a question of privilege arising out of the statement by the Leader of the Government yesterday in connection with his telephone conversation or conversations—I don't know which—with Dr. McGeer about the fact that the Government of British Columbia was entirely satisfied with the recommendation attached to the report of the Standing Senate Committee on Health, Welfare and Science with regard to Bill C-2.

I took the advice of the Leader of the Government, and I phoned Dr. McGeer this morning to inquire about what exactly took place. Dr. McGeer told me very clearly that he took for granted that the Senate had no alternative but to attach that recommendation and that it could do nothing else.

It is obvious then, under those circumstances, why Dr. McGeer should say: If you cannot do anything else, I would rather see a recommendation than nothing at all.

I checked the *Debates of the Senate* of yesterday because we pounded the Leader of the Government with questions as to the exact tenor of his conversation with the minister from British Columbia. When we were discussing Senator Bell's amendment, an amendment to which nobody objected—I am quite sure that it was in order—Senator Perrault is reported as having said at page 707 of *Hansard*:

> If the honourable senator wishes to make his own telephone calls, I am sure Bell Canada is always available for the tariff, but I want him to know that, as candidly and as objectively as possible, I have set forth the alternatives for the honourable provincial minister, whom I have known for a great many years.
>
> I have also pointed out the fact that the opposition pursued with great vigour today, as is their right, a request that the Province of British Columbia appear before the Senate committee. I said, "These are the alternatives before me as Leader of the Senate—

"Leader of the Senate" here means one who follows only the instructions of the government. He continues:

> I said, "These are the alternatives before me as Leader of the Senate, and these are the alternatives before the Senate." The minister replied, "In view of the Senate recommendation, I see no necessity at this time for the Province of British Columbia to come."

Of course, it is obvious that you told the minister that there was nothing else the Senate could do but make a recommendation and that there was no necessity for him to attend. At that time the amendment by Senator Bell had been put and nobody objected to the amendment as far as its regularity was concerned. This alternative was not put to the provincial minister, Dr. McGeer. I believe the Senate was misled by the statements made by the Leader of the Government yesterday. It may have been a good argument to rally his troops, but this is not the way a matter of this kind should be dealt with in the Senate. I suggest that the Leader of the Government should apologize to the Senate.

**Senator Perrault:** Well, honourable senators, I think that there is only limited value in exchanging comments about the real or alleged contents of telephone calls.

**Senator Flynn:** It was your idea.

**Senator Perrault:** However, I recall that yesterday the Leader of the Opposition was very vehement in expressing his desire that he might have been with me when that call to Dr. McGeer was made. His view then was that he would have appreciated an invitation to have been with me when the call was made. Certainly, he expressed doubt about the authenticity of what I said. I am rather surprised, then, in view of the attitude he took yesterday, that he did not invite me into his office this morning so that we could place a joint call to the Honourable Patrick McGeer. That would have been the ultimate gesture to establish the *bona fides* of the Leader of the Opposition in his expressed earnest quest for truth.

**Senator Flynn:** I say that you misled the Senate.

**Senator Perrault:** However, that was not the object of the action by the Leader of the Opposition, who is engaged again in one of his well-travelled political ploys.

**Senator Flynn:** Don't be silly.

**Senator Perrault:** The fact is that this is a rather transparent political strategy—

**Senator Flynn:** Nonsense.

**Senator Perrault:** —as a result of some of the unhappy experiences, as far as the Leader of the Opposition is concerned, of yesterday. There was no suggestion today—no call received at my office that he would like to have a joint call placed to the Minister of Education of British Columbia.

**Senator Flynn:** Why should I? You did not invite me yesterday.

**Senator Perrault:** I can only tell honourable senators that I made extensive notes of my conversation, and I only read into

the record of the Senate those words which were spoken to me by the Honourable Patrick McGeer.

**Senator Flynn:** I took your words for granted.

**Senator Perrault:** I should like to suggest to the Leader of the Opposition that he is quite aware of the fact that had the amendment proposed by our esteemed colleague, Senator Bell, been adopted yesterday, it would have negated the whole or much of the program of restraint.

Honourable senators, it really does not become the Leader of the Opposition, in the responsible position he holds, to attempt to drag his rather tattered red herring across the trail this afternoon.

**Senator Flynn:** I still maintain that you misled the Senate, and you have not denied it; you spoke about something else.

**Senator Perrault:** That is a vicious canard.

**Senator Flynn:** It is not a vicious canard; it is the simple truth.

**Senator Smith (Colchester):** Honourable senators, it is pretty hard to refrain from pointing out that what happened yesterday was exactly what those of us on this side said had happened after listening to the honourable gentleman. It was a transparent, inexcusable and completely unjustifiable attempt to use a telephone call made in the heat of embarrassment in an endeavour to salvage something out of the problem in which somehow or other—whether by his fault or somebody else's—the Leader of the Government found himself.

**Senator Perrault:** Did you make a telephone call too?

**Senator Smith (Colchester):** I could have if I had wanted to, but I didn't have to. I believed you and I believe the Leader of the Opposition. As for the nonsense about complaining that he was not invited to attend when the Leader of the Opposition made his call, how can the Leader of the Government have the ineffable brass to suggest that the Leader of the Opposition, after he had been spurned, should heap coals of fire on his head by saying, "Look, you didn't bother asking me to come and listen to your phone call, but I should be a doubly good fellow and not pay any attention to your mean example and ask you to attend with me." That extraordinary conduct, and that most extraordinary effort to avoid the proper and well-justified demand for an apology, is conduct that only adds insult to injury and bad to worse.

• (1410)

**Senator van Roggen:** Honourable senators, I don't know that I need prolong this debate, but yesterday afternoon, having listened to much of the debate for some time, I was called on the long-distance telephone—it was not a conversation with Dr. McGeer—and missed the vote. However, a few minutes after that I was talking to Dr. McGeer on an entirely different matter that he and I had been working on for some weeks relative to a British Columbia problem with the federal government. His call came through just about that time and I mentioned to him, after we had finished discussing our other subject, that there was a spirited debate going on in the Senate chamber on Bill C-2, which I knew he was interested in. As I was not phoning him in direct relationship to this matter I was not taking careful notes, but I can say without qualification that, while Dr. McGeer may be critical of the minister, and may be critical of the government, and may be critical of the manner in which, from their point of view, this money has not been forthcoming to them, he was most complimentary about the Senate. He said that the Senate had done all it could do and that he was perfectly happy with it. I just thought I might mention that to honourable senators.

**Senator Flynn:** Yon can mention all you like, but you have missed the point. Dr. McGeer was satisfied with what we did only because Senator Perrault said that the Senate could not do anything else but attach that recommendation. That is the point.

**Senator Perrault:** Honourable senator, you don't know what I said in that conversation.

**Senator Flynn:** I know what you reported to us of your conversation.

**Senator Perrault:** Unless you are tapping my telephone you don't know what was said.

**Senator Flynn:** I have your words here in *Hansard*.

**Senator Perrault:** Don't be so excited about this issue.

**Senator Flynn:** Yesterday you said you set forth "the alternatives for the Senate and for me." The alternatives should have included the amendment, and Dr. McGeer said that you never mentioned that; he took it for granted that the Senate had no power to amend the bill.

**Senator Perrault:** If you had listened to the conversation you would have been very edified by the description of the legislation given to the Honourable Patrick McGeer.

**Senator Flynn:** I doubt it.

**Senator Perrault:** I know that the result of the vote yesterday must rankle with the Leader of the Opposition, but he really is not distinguishing himself with this kind of petty verbal barrage.

**Senator Flynn:** In your company it is not very difficult to distinguish oneself.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report relating to the administration of the Farmers' Creditors Arrangement Act for the fiscal year ended March 31, 1978, pursuant to section 41(2) of the said Act, Chapter F-5, R.S.C., 1970.

Document entitled "Towards Equality for Women", issued by the Minister responsible for the Status of Women.

Report, dated January 1979, of the Law Reform Commission of Canada entitled "The Cheque: Some Moderni-

zation", pursuant to section 18 of the Law Reform Commission Act, Chapter 23 (1st Supplement), R.S.C., 1970.

## NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

**Senator Olson,** Chairman of the Special Committee of the Senate on the Northern Pipeline, presented the following report:

Tuesday, March 8, 1979

The Special Committee of the Senate on the Northern Pipeline, to which was referred Bill S-12, intituled: "An Act to amend the National Energy Board Act," has, in obedience to the Order of Reference of Thursday, February 22, 1979, examined the said bill and now reports the same with the following amendments:

1. *Page 1, Clause 2 (subsection 29.1(1)):* Strike out lines 28 and 29 and substitute the following:

"lands proposed to be taken and publish a copy thereof in at least one issue of a publication, if any, in general circulation within the area in which the said lands are situated, which notice shall set out the proposed detailed route of the pipeline, the location of the offices of"

2. *Page 4, Clause 2 (section 29.15):* Strike out line 4 and substitute the following:

"29.15 Forthwith after receipt of a copy of the decision of the Board approving a"

3. *Page 4, Clause 2 (subsection 29.16(3)):* Strike out line 25 and substitute the following:

"persons as he deems necessary to enable"

4. *Page 5, Clause 2 (paragraph 29.18(b)):* Strike out lines 30 and 31 and substitute the following:

"any lands, buildings, works or other property that is the subject-matter of a notice of arbitration served under this Part."

5. *Page 5, Clause 2 (section 29.19):* Strike out line 38 and substitute the following:

"the purpose of constructing, operating, maintaining, replacing"

6. *Page 6, Clause 2 (section 29.2):* Strike out lines 1 to 3 and substitute the following:

"been heard and determined by an Arbitration Committee established by him, he may, by order, terminate the existence of that Arbitration Committee."

7. *Page 6, Clause 4 (paragraph 73(2)(a)):* Strike out lines 33 to 36 and substitute the following:

"owner of the lands, by one lump sum payment or by annual or periodic payments of equal or different amounts over a period of time;"

8. *Page 7, Clause 4 (paragraph 73(2)(d)):* Strike out line 4 and substitute the following:

"pany other than liabilities, damages, claims, suits and actions resulting from negligence or wilful misconduct of the owner of the lands; and"

9. *Page 7, Clause 4 (paragraph 73(2)(e)):* Strike out line 6 and substitute the following:

"the line of pipe or other facility for which the lands are"

10. *Page 7, Clause 4 (paragraph 74(1)(c)):* Strike out line 22 and substitute the following:

"(*c*) a detailed statement made by the company of the value of the lands"

11. *Page 8, Clause 4 (subsection 75.1(2)):* Strike out line 20 and substitute the following:

"(2) A negotiator may enter upon and make such inspec-"

12. *Page 9, Clause 4 (subsection 75.12(2)):* Strike out lines 2 to 5 and substitute the following:

"(*b*) the loss of use to the owner of the lands to be acquired by the company;

(*c*) the adverse effect of the acquisition or use of the lands to be acquired by the company on the remain-"

13. *Page 9, Clause 4 (subsection 75.12(2)):* Strike out lines 12 and 13 and substitute the following:

"(*e*) the damage to the lands of the owner in the area of those lands to be acquired by the company that might reasonably be expected to be."

14. *Page 10, Clause 4 (subsection 75.14(1)):* Strike out lines 13 to 16 and substitute the following:

"referred to in section 73 with the company are unable to settle any claim for damages arising out of the operations of the company or the amount of compensation payable where annual or other periodic payments have been selected, either the com-"

15. *Page 11, Clause 4 (subsection 75.16(3)):* Strike out line 19 and substitute the following:

"and the Arbitration Committee may hold"

16. *Page 11, Clause 4 (subsection 75.16(4)):* Strike out line 28 and substitute the following:

"person to whom the compensation is payable a specific amount of"

17. *Page 11, Clause 4 (subsection 75.17(1)):* Strike out lines 36 to 39 and substitute the following:

"of the owner of the lands, order that compensation be made by one lump sum payment or by annual or periodic payments of equal or different amounts over a period of time, and shall"

18. *Page 12, Clause 4 (section 75.17):* Strike out lines 6 to 9 and substitute the following:

"payable under this act at the lowest rate of interest quoted by chartered banks to the most credit-worthy borrowers for prime business loans, as determined and published by the Bank of Canada for the month preced-

ing the month in which a notice referred to in subsection 74(1) was served on the person in whose favour the award of compensation is made."

19. *Page 12 and 13, Clause 4 (subsection 75.21):* Strike out lines 45 to 48 on page 12 and lines 1 to 5 on page 13 and substitute the following:

"75.21 A decision of an Arbitration Committee, other than an order granting right of entry, may be appealed to the Federal Court—Trial Division within thirty days of the day upon which the parties receive notice of the decision of the Arbitration Committee or within such further time as the Court or a judge of the Court may allow."

20. *Page 13, Clause 4 (subsection 75.23(1)):* Strike out lines 15 to 19 and substitute the following:

"entry to a company is deemed to vest in the company such right, title and interest in the lands in respect of which the order is granted as is specified in that order."

21. *Page 13, Clause 4 (section 75.23):* Add immediately after line 25 the following:

"(3) Where a decision or order of an Arbitration Committee registered, filed, or deposited under this section contains any omission, mis-statement or erroneous description, a corrected decision or order shall be registered, filed or deposited by the company.

(4) Where a decision or order of an Arbitration Committee is tendered for registration, filing or deposit in the office of the registrar of deeds for the county, district or registration division referred to in subsection (1), the registrar of deeds shall register, file or deposit the decision or order according to the ordinary procedure in force under the law that provides for the system of registration."

22. *Page 13, Clause 4 (section 75.25):* Add immediately after line 40 the following:

"(*a*.1) providing for substituted service of any notice required to be served under this Part;"

Respectfully submitted,

H. A. (Bud) Olson,
*Chairman.*

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

**Senator Olson** moved that the report be placed on the Orders of the Day for consideration on Tuesday, March 13, 1979.

Motion agreed to.

## THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

**Senator Everett:** Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1979, and I ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of today to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**The Clerk:** (*Reading*):

The Standing Senate Committee on National Finance to which the supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1979, were referred—

**Some Hon. Senators:** Dispense.

[*For text of report see appendix page 727.*]

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

**Senator Everett:** With leave of the Senate, now. By way of explanation, I am requesting leave to explain what is in the report now because I will be unable to be in the Senate next week. I have to appear as a witness in a court case.

**Senator Flynn:** As a witness only?

**Senator Everett:** Just as a witness. I am glad to see your mood has lightened.

**Senator Flynn:** Well, I have no problem with you.

**Senator Everett:** I am delighted to hear that.

The report, of course, would remain on the order paper and would be the subject of debate by other honourable senators. However, by being able to proceed this afternoon, I would not be the author of any delay when the appropriation bill comes down.

**Senator Grosart:** Honourable senators, the chairman of the committee did discuss this with me in the committee this morning. I appreciate why he is asking for this rather unusual leave under our rules. As he has pointed out, it is impossible for him to be here next week. It therefore seems reasonable to me that he give the Senate a rundown, an explanation, of the report this afternoon. The report of the committee is now being distributed to honourable senators, and we will have an opportunity to read it.

**Senator Flynn:** Do you wish to have it placed on the Orders of the Day for consideration as the first order, or do you wish to proceed with it right now?

**Senator Everett:** If by going ahead now I would be interfering in any way with the normal business of the house, I would be quite happy to proceed later this day.

**Senator Flynn:** If you don't have to leave right away, I would suggest that consideration of the report be placed on the Orders of the Day as the first order.

**Senator Everett:** That is fine.

**Senator Phillips:** Honourable senators, I am not opposing leave being granted to proceed in this way, but I should like to put a question to the honourable senator.

Is it not a fact that under parliamentary rules the attendance of honourable senators in the Senate takes precedence over any other matter? I think the honourable senator could plead that, and we could have his attendance next week, if he so wished.

• (1420)

**Senator Everett:** The honourable senator raises an interesting point. It had never occurred to me that that was possible. I do not want to be responsible for slowing down the administration of justice, but I will most certainly take into account the point made by the honourable senator.

**Senator Grosart:** You could try to get your attendance.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, March 14, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, March 12, 1979, at 8 o'clock in the evening.

Honourable senators, when we return on Monday evening we expect to have two bills from the House of Commons. They are Bill C-28, to amend the Northwest Territories Act, and Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto.

I am informed that Bill C-9, the Canada Referendum Act, and Bill C-42, the Energy Supplies Emergency Act, 1979, will be reported from the committee in the other place and that we shall probably receive those bills early next week. We will also be dealing with the items now on the order paper.

[Senator Everett.]

The committee schedule for next week is as follows: On Tuesday the Special Committee of the Senate on the Constitution will hold an *in camera* meeting at 10.30 a.m. The Special Committee of the Senate on Retirement Age Policies will meet at 2 p.m. The Standing Senate Committee on Legal and Constitutional Affairs will meet at 2.30 p.m. on the subject matter of Bill C-9, the Canada Referendum Act, and the Standing Senate Committee on Banking, Trade and Commerce will also meet at 2.30 p.m. on the subject matter of Bill C-42, the Energy Supplies Emergency Act, 1979. On the same day, at 8 p.m., the subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs will sit to consider its study of off-track betting. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 8.30 p.m. on the same day.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. and 2.30 p.m. on the subject matter of Bill C-38, to amend the Excise Tax Act; and the Standing Senate Committee on Agriculture will meet when the Senate rises to consider Bill S-13, the Beef Import Bill.

On Thursday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. The Standing Senate Committee on Agriculture will meet at 9.30 a.m. and when the Senate rises on Bill S-13. The Standing Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

There will, of course, be additions to this list as the week progresses and other bills are referred.

**Senator Flynn:** Is it intended that the Senate will sit Tuesday afternoon?

**Senator Langlois:** No, Tuesday evening.

**Senator Flynn:** Is there any program scheduled for next Friday?

**Senator Langlois:** Not so far.

**Senator Riley:** Did I understand you to say that the Standing Joint Committee on Regulations and other Statutory Instruments is meeting next Tuesday morning as well as Thursday morning?

**Senator Langlois:** No, Tuesday evening at 8.30 and Thursday morning at 11.

Motion agreed to.

## HEALTH RESOURCES FUND ACT

### TELEGRAM FROM HON. PATRICK McGEER, MINISTER OF EDUCATION, SCIENCE AND TECHNOLOGY, BRITISH COLUMBIA—QUESTION

**Senator Flynn:** Honourable senators, I should like to ask the Leader of the Government whether he has received the announced telegram from Dr. Pat McGeer. If so, would he either inform us of its contents or table it?

**Senator Perrault:** I have not received the communication as yet from the esteemed Dr. McGeer. I still eagerly await its arrival.

**Senator Phillips:** Did you telephone him?

**Senator Grosart:** It was not sent by post this time.

IMPLEMENTATION OF REPORT OF THE STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE—QUESTION

**Senator Phillips:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Has the Government of Canada accepted and implemented the report of the Standing Senate Committee on Health, Welfare and Science on Bill C-2?

**Senator Perrault:** Honourable senators, as yet I do not know whether my colleagues have had the opportunity to study the recommendations and advice tendered by the Senate.

**Senator Flynn:** Do you mean you did not read the report?

**Senator Perrault:** We are talking about the other place now. We are talking about members of the government in the other place.

**Senator Flynn:** No, we are talking about the recommendation.

**Senator Phillips:** We are talking about the recommendation to the Governor in Council.

**Senator Perrault:** I have no idea whether the report has been studied as yet by the appropriate ministers. I do know that a conscientious study of it will take place.

**Senator Phillips:** I will ask the same question next week.

## AIR CANADA

CHANGE OF LONDON, ENGLAND, TERMINUS FROM HEATHROW TO GATWICK—QUESTION

**Senator Bell:** Honourable senators, I should like to ask the Leader of the Government in the Senate a question which, surprisingly enough, does not deal with Bill C-2.

Relative to the good work the Canadian High Commissioner to the Court of St. James is doing on behalf of Air Canada in respect of its changing its London terminus from Heathrow to Gatwick, can he tell us if there are other Canadian airlines involved, such as the charter services of CP Air and Wardair, or is this simply a negotiation with the regularly scheduled Canadian airlines? I should like to know, because I believe Air Canada is the only Canadian scheduled airline flying into London.

**Senator Perrault:** Honourable senators, negotiations have been under way for some time on this matter, which is of interest to all of us, but I will take the question as notice and attempt to obtain an updated report on the situation.

## PARLIAMENT

OFFICIAL REPORT (*HANSARD*)—PRICE INCREASE—QUESTION

**Senator Buckwold:** Honourable senators, on February 28 the Leader of the Opposition asked the government leader a question in respect of the reported increase in the subscription costs of *Hansard* to the general public. Senator Langlois replied that "those inquiries concerning the alleged increase in the price of *Hansard* were made as a result of an apparently unfounded article published in the Ottawa *Citizen* last week." He went on to say:

• (1430)

> However, following the question of my friend, I am ready to make further inquiries and if I learn something new, I will be pleased to advise this house.

I have received some complaints, and am wondering whether the Leader of the Government has received any further information on this alleged increase, and if so whether he could report it to this chamber.

**Senator Perrault:** Honourable senators, the information which I have been provided with for today's question period does not include material on that subject. However, further inquiries will go forward immediately.

## CANADIAN BROADCASTING CORPORATION

NATIONAL TELEVISION COVERAGE OF CANADA WINTER GAMES—QUESTION

**Senator Lewis:** Honourable senators, I should like to direct a question to the Leader of the Government with reference to the Canada Winter Games held recently at Brandon.

What was the extent of the broadcast coverage of the Games provided by the CBC; what was the cost of this coverage; and how did this coverage and its cost compare with the coverage and the cost of the coverage provided for the Summer Games at St. John's in 1977, and the Commonwealth Games at Edmonton in 1978? Finally, did the CBC have an exclusive right to the broadcast coverage of the Winter Games?

**Senator Perrault:** Honourable senators, a number of senators have complained about what they feel to be the inadequate coverage of the Canada Winter Games at Brandon, which were a great success. As a result, I have inquiries under way at the present time.

In a preliminary way, I can say that the CBC broadcast the opening of the Games only after being assured of payment for the time by Loto Canada. To certain honourable senators that may be a surprising situation. However, I want to authenticate that allegation, and also to bring a body of other information to the Senate on what is a most important question.

## THE ECONOMY

CANADIAN BALANCE OF PAYMENTS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked about the trade surplus for the month of January. As I am sure honourable senators will rejoice in recalling, the amount has zoomed to $386 million.

Senator Manning asked about the balance of payments account and whether the deficit is still increasing or stabilizing. I am advised that as of the end of 1978 the current account deficit was $5.285 billion.

Due to the complexity of the accounting system it is not possible to answer whether the deficit is still increasing or stabilizing at present. However, it is the view among most forecasters that the situation on that front will improve over the next year. For example, the trade surplus for 1978 set a record—$3.5 billion over $2.9 billion in 1977, and there are signs that the travel account is improving as the exchange rate depreciation is bringing more visitors to Canada.

So, it is good to note that on the economic front there are marked improvements in the Canadian economy.

**Senator Roblin:** Honourable senators, I would like to ask a couple of questions with respect to the statement we have just heard, because I think that my honourable friend, no doubt unwittingly, has really not conveyed the correct impression with respect to the balance of payments and the Canadian economy.

In the forecasts that were put forward for the year 1978 we were told that the deficit would be $4.5 billion. It is now $5.29 billion, and my honourable friend might well have told us that this is the highest deficit in the balance of trade that we have ever had in the history of the country. I am one of those who are pleased to see that the merchandise balance is improving and, God knows, it needs to, but what is happening in this country is that the service deficit is increasing, and the fact that we are having such a difficult problem with our balance of trade can certainly be attributed, at least in part, to the service deficit in the balance of trade.

I would like to ask my honourable friend if he would please tell the house how much has been added to the service deficit by the operations of the Government of Canada in borrowing some $6 billion in the last fiscal year in foreign markets, because, as my honourable friend will realize, that seems to be one of the main reasons why our balance of trade figures are so bad. I would like to know how much the "clean" float the government is operating in respect of the Canadian dollar is costing us in terms of our balance of trade.

**Senator Perrault:** Honourable senators, this kind of question is rather characteristic of the official opposition in this country. The official opposition seems almost to revel in discussing at great length the problems which they allege exist in the Canadian economy.

**Senator Flynn:** Why not? What do you want us to do?

**Senator Perrault:** If we had half a container of liquid, they would say it was half empty, and a Liberal would say that it was half full.

**Senator Flynn:** A Liberal in office?

**Senator Perrault:** They seem to take great joy in trying to destroy confidence in the country at a time when it is emerging from its economic difficulties.

**Senator Flynn:** Oh, come on! Answer the question.

[Senator Perrault.]

**Senator Perrault:** We have the former Premier of Manitoba, who was a well-known figure among the denizens of Wall Street when he went there as premier to borrow substantial amounts of money on behalf of the Province of Manitoba, now complaining about the federal government's foreign borrowings. His entire record as Premier of Manitoba displays a great tendency to do all of Manitoba's borrowings, or almost all of them, down on Wall Street and abroad, which market he now infers is somehow unclean as far as the present federal government is concerned.

**Senator Flynn:** Order! Order!

**Senator Perrault:** I shall be pleased to bring this additional information before the Senate.

The Leader of the Opposition is uncommonly vocal these days, to the extent that I almost expect him to announce he is going to run in one of those winnable 60 Quebec constituencies that his leader talks about with such euphoria.

**Senator Flynn:** I would be as lucky as you would be in British Columbia.

**Senator Perrault:** I nevertheless warn the Honourable the Leader of the Opposition—

**Senator Flynn:** Warn me if you want, but stick to the question.

**Senator Perrault:** How can you ever ingest wisdom if you continually talk?

**Senator Flynn:** Well said!

**Senator Perrault:** The point is, I happen to have the floor, and you are the one who is interrupting.

**Senator Flynn:** And you are talking!

**Senator Perrault:** I must warn the official opposition that when the facts are made known, no doubt to their great dismay, about the increase in the service debt, there will be great hope to be derived from even those figures that improvements are taking place and that Canadians should take great heart from our economic performance.

**Senator Roblin:** I know my honourable friend will expect me to respond to his interesting challenge, and I know he will not overlook the fact that it is our current account deficit that is the principal reason for the state of the Canadian dollar. I know the Leader of the Government is a master of irrelevancies, as my honourable colleague the Leader of the Opposition so accurately described him, and I want to congratulate him for having done such an excellent job of introducing irrelevancies this afternoon.

I do not usually respond to his parish pump approach to politics, as exemplified in his remarks about what happened in Manitoba from time to time, but he should get some of his information correct. As leader of the Government of Manitoba, I never borrowed a five-cent piece for the Government of Manitoba on Wall Street, or any place else, as far as that goes. I must correct that. We did borrow money with respect to the Canada Pension Fund, though not on Wall Street and not for the Government of Manitoba.

• (1440)

The Manitoba Hydro Electric Commission borrowed on Wall Street, yes, but that is an economic operation, and that borrowing has nothing to do with the kind of borrowing that my honourable friend has to apologize for in this house. He has to apologize for the money he is borrowing to support the Canadian dollar.

**Senator Grosart:** Why don't you withdraw the statement?

**Senator Roblin:** You get yourself on a circular argument here, and my honourable friend is well impaled on it, if that is not a mixture of metaphors. All I wish to say is that it is quite obvious that he does not intend to answer the question in any intelligible fashion, and I suppose that is his right.

**Senator Perrault:** Honourable senators, in my usual conscientious fashion, that information will be sought and brought to the Senate.

The honourable senator has never complained in the past, and he has had no reason to complain, about a lack of information or a lack of a forthcoming attitude on the part of the government in the Senate.

**Senator Roblin:** That I have to describe, honourable senators, as a matter of opinion, because when we sit on this side of the house and we listen to the flim-flam to which we are treated by the Leader of the Government here—

**Some Hon. Senators:** Order!

**Senator Roblin:** If "flim-flam" is unparliamentary, I shall be pleased to withdraw it. I have a few more adjectives that I could employ in this connection, but they serve no purpose. I only want to say to my honourable friend that I admire his dexterity in dodging the questions he does not care to answer.

## INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

### PARKS CANADA SCHOLARSHIPS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 4—**By Senator Marshall:**

With reference to Indian and Northern Affairs Communiqué number 1-7829 on Parks Canada scholarships, how many of the 107 applications submitted were from the Province of Newfoundland?

*Reply by the Minister of Indian Affairs and Northern Development:*

One application was submitted from the Province Newfoundland.

### REDUCTIONS—GROS MORNE NATIONAL PARK—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 13—**By Senator Marshall:**

With reference to Indian and Northern Affairs News Release 1-7828 (Annex) Reductions, what are the details of those reductions with respect to the Gros Morne National Park and what is their effect thereon of the following:

(a) 1978-79 Parks Canada reduction of $5 million.

(b) 1978-79 Northern Roads reduction of $2 million.

(c) 1979-80 Parks Canada Capital reduction of $12 million, and

(d) 1979-80 Parks Canada Operating reductions, mainly staff at headquarters and at regional offices, of $1 million?

*Reply by the Minister of Indian Affairs and Northern Development:*

(a) The current year allotment for reconstruction of the section of Highway 430 between St. Pauls and the Western Brook Pond Parking Lot has been reduced from $1 million to $700,000. The requirement for the $300,000 has been included in the main estimates for 1979-80. Regardless of this budget cut, anticipated expenditures on all Highway 430 contracts during 1978-79 are estimated to reach $3.7 million as compared to $3.2 million planned in the current year Estimates.

(b) No impact on Gros Morne.

(c) No impact on Gros Morne.

(d) No impact on Gros Morne.

## INDUSTRY, TRADE AND COMMERCE

### TRADE WITH FRANCE—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 22—**By Senator Bosa:**

1. What were the total amounts of Canadian exports to France in the years 1970 to 1977, inclusive, and from January 1 to September 30, 1978?

2. What were the total amounts of exports from France to Canada in the same periods?

3. What percentage of its total imports does France import from Canada?

4. What are the five major items that Canada exports to France?

5. Does France impose any restrictions on imports from Canada?

6. Does Canada have a pavilion at any of the trade fairs of France?

*Reply by the Minister of Industry, Trade and Commerce:*

Statistics Canada reports the following:

1.

| Year | Total Exports to France (in Canadian Dollars) |
|---|---|
| 1970 | $157,198,174 |
| 1971 | $157,218,724 |
| 1972 | $160,233,913 |
| 1973 | $218,863,188 |
| 1974 | $323,944,341 |
| 1975 | $352,128,437 |
| 1976 | $424,313,034 |
| 1977 | $369,785,496 |

| | |
|---|---|
| Jan. 1 to Sept. 30, 1978 | $339,105,204 |

2.

| Year | Exports from France to Canada (in Canadian Dollars) |
|---|---|
| 1970 | $158,486,226 |
| 1971 | $213,091,550 |
| 1972 | $250,953,913 |
| 1973 | $326,827,288 |
| 1974 | $384,624,674 |
| 1975 | $487,470,677 |
| 1976 | $437,163,046 |
| 1977 | $522,011,568 |
| Jan. 1 to Sept. 30, 1978 | $502,424,936 |

3. Statistics extracted from the latest U.N. publication 1976 World Trade Annual give the percentage of goods imported from Canada by France at .95 per cent.

4.

| Year | Item | Amounts (in Canadian Dollars) |
|---|---|---|
| Jan. 1 to Sept. 30, 1978 | 1) Wood Pulp, bleached Sulphate/Kraft/Paper Grades, Softwood | $52,294,056 |
| | 2) Copper, Refinery Shapes | $21,289,144 |
| | 3) Radioactive Elements, Isotopes and Compounds, and stable Isotopes and their compounds | $18,440,291 |
| | 4) Asbestos Milled Fibres | $14,236,250 |
| | 5) Salmon, Coho, Frozen | $11,067,027 |

5. Canadian exports to France are subject to the common external tariff of the European Economic Community and to other policies which come under the authority of the Commission of the European Communities in Brussels. They must also satisfy French regulations relating to such matters as public health and safety.

6. No. As a matter of policy, federal-sponsored trade exhibits are placed within the buildings provided by the fair authorities. Pavilions are only erected where inside space is not otherwise available.

During the 1978/79 fiscal year, Canada will, however, be sponsoring Trade exhibits at the following fairs in France:

MIDEM '79—International Record and Music Publishing Market, Cannes, January 19-25, 1979

SIMA—Salon International de la Machine Agricole, Porte Versaille, March 5-12, 1979

Salon d'Agriculture, Paris, March 4-11, 1979

[Senator Bosa.]

EXPORTS AND IMPORTS—WEST GERMANY—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 23—**By Senator Bosa:**

1. What were the total amounts of Canadian exports to West Germany in the years 1970 to 1977, inclusive, and from January 1 to September 30, 1978?

2. What were the total amounts of exports from West Germany to Canada in the same periods?

3. What percentage of its total imports does West Germany import from Canada?

4. What are the five major items that Canada exports to West Germany?

5. Does West Germany impose any restrictions on imports from Canada?

6. Does Canada have a pavilion at any of the Trade Fairs of West Germany?

*Reply by the Minister of Industry, Trade and Commerce:*

Statistics Canada reports the following:

1.

| Year | Total exports to West Germany (in Canadian dollars) |
|---|---|
| 1970 | $387,650,352 |
| 1971 | $322,244,836 |
| 1972 | $318,560,377 |
| 1973 | $447,612,161 |
| 1974 | $556,558,423 |
| 1975 | $618,685,912 |
| 1976 | $710,937,715 |
| 1977 | $778,115,599 |
| Jan. 1 to Sept. 30/78 | $527,360,728 |

2.

| Year | Total Imports from West Germany (in Canadian Dollars) |
|---|---|
| 1970 | $370,930,759 |
| 1971 | $429,416,745 |
| 1972 | $512,641,994 |
| 1973 | $607,213,503 |
| 1974 | $767,468,134 |
| 1975 | $795,132,567 |
| 1976 | $780,743,140 |
| 1977 | $964,023,043 |
| Jan. 1 to Sept. 30, 1978 | $858,888,103 |

3. West Germany imports 1.05 per cent of its total imports from Canada. This is the latest available data extracted from the "1976 World Trade Annual" prepared by the Statistical Office of the United Nations.

4. In 1978, the five major items Canada exported to West Germany were as follows:

1. Wood pulp, bleached sulphate/Kraft/paper grades, softwood.

2. Copper, refinery shapes.

3. Asbestos, milled fibres.

4. Frozen herring fillets.

5. Non-metallic minerals, crude n.e.s.

5. Canadian exports to the Federal Republic of Germany are subject to the common external tariff of the European Community and to other policies which come under the authority of the Commission of the European Communities in Brussels. They must also satisfy German regulations relating to such matters as public health and safety.

6. No. As a matter of policy, federally-sponsored trade exhibits are placed within buildings provided by the fair authorities. Pavilions are only erected where inside space is not otherwise available.

During the 1978/79 fiscal year, Canada, however, has sponsored or will sponsor national trade exhibits at the following shows in West Germany.

INTERPAK '78—International Packaging Equipment Machinery Exhibition, Dusseldorf, June 8-14, 1978

AUTOMECHANIKA '78—Automotive Show, Frankfurt, September 23-27, 1978

EUROSHOP '78—Store Fixture and Equipment Show Dusseldorf, April 7-11, 1978

ELECTRONIC '78—Electronics Equipment and Components Show, Munich, November 9-15, 1978

International Fur Fair, Frankfurt, April 5-9, 1978

ISPO '79—International Sport Equipment Fair, Munich, February 22-25, 1979 (Winter Sports)

SPOGA '78—International Trade Fair of Sporting Goods, Camping Equipment and Garden Furniture, Cologne, October 1-3, 1978

G. D. S. International Footwear Fair, Dusseldorf, March 24-26, 1979

Men's Fashion Week, Cologne, February 23-25, 1979

Internationaler Treffpunkt of the Hanover Fair, Hanover, April 19-27, 1978

Frankfurt Book Fair, Frankfurt, October 18-23, 1978

LOANS TO FOREIGN COUNTRIES APPROVED BY EXPORT DEVELOPMENT CORPORATION—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 33—**By Senator Marshall:**

1. What are the individual amounts that comprise a loan, which was approved by the Export Development Corporation, of $2.57 billion to (a) Argentina, (b) Hong Kong, (c) Iran, (d) Ivory Coast, (e) Panama, (f) Poland, (g) Romania, (h) Senegal, (i) Spain, (j) Yugoslavia?

2. What are the details of each loan?

*Reply by the Minister of Industry, Trade and Commerce:*

It is regretted that Export Development Corporation is unable to ascertain precisely what is desired.

There was no EDC loan of $2.57 billion, and if individual loans, which in the aggregate reach that figure are intended, EDC has been unable to identify them. A period or year is not mentioned, but if recent years are intended, copies of the Corporation's Annual Reports could be sent. They would be informative since each loan made in the year is listed in the report for that year, with particulars. The reports are all tabled.

## VETERANS AFFAIRS

DVA PUBLICATIONS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 39—**By Senator Marshall:**

1. When was the publication *War Veterans' Allowances and Civilian War Allowances* printed?

2. How many copies were printed?

3. What was the cost of printing?

4. How many were distributed, and to whom?

5. By what means were they distributed?

6. Has the publication been revised as a result of amendments to legislation, and, if so, on what date is the revised publication expected to be released?

*Reply by the Minister of Veterans Affairs:*

1. First Printing 1975

2. 1975—200,000
1977— 24,700
1978— 15,000

3. 1975—$4,024.20
1977—$1,589.18
1978—$1,231.06

4. 219,000 to Veterans and the general public
Veterans Organizations
Members of Parliament and Senators

5. By mail and personal requests

6. September 1978

HEAD OFFICE STAFF OF DVA—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 44—**By Senator Marshall:**

1. What was the head office staff complement of the Department of Veterans Affairs as at December 31, 1978?

2. Of the head office staff, how many are between the ages of:

(a) under 20

(b) 20 and 30

(c) 30 and 40

(d) 40 and 50

(e) 50 and 60, and

(f) 60 and 70?

*Reply by the Minister of Veterans Affairs:*

1. 922

Note: The above figure includes full-time, part-time and casual employees.

2. (a) 19

(b) 301

(c) 181

(d) 137

(e) 215

(f) 69

VETERANS INSURANCE BENEFITS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 48—**By Senator Marshall:**

1. Under the *Returned Soldiers' Insurance Act* and the *Veterans' Insurance Act,* what was the total amount of benefits paid and the total amount of death claims paid from(a) 1 April 1977 to 31 March 1978, and (b) 1 April 1978 to 31 December 1978?

2. What was the number and total value of policies turned in for cash surrender value from (a) 1 April 1977 to 31 March 1978, and (b) 1 April 1978 to 31 December 1978?

3. How many Veterans' Insurance policies were still in effect as of 31 March 1978 and how many in effect as of 31 December 1978?

*Reply by the Minister of Veterans Affairs:*

1. (a) *Returned Soldiers' Insurance Act*

Benefits—$906,941.59

Death Claims—$580,483.40

*Veterans Insurance Act*

Benefits—$2,490,827.92

Death Claims—$1,338,600.00

(b) *Returned Soldiers' Insurance Act*

Benefits—$420,628.90

Death Claims—$342,621.34

*Veterans Insurance Act*

Benefits—$1,647,355.83

Death Claims—$944,691.00

2. (a) 387 Policies

$1,364,535.00

(b) 181 Policies

$659,969.00

3. *Returned Soldiers' Insurance Act*

31 March 1978—1,747 Policies

31 December 1978—1,585 Policies

*Veterans Insurance Act*

31 March 1978—16,822 Policies

31 December 1978—16,298 Policies

[Senator Marshall.]

RELOCATION OF DVA TO PRINCE EDWARD ISLAND—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 58—**By Senator Marshall:**

1. What was the date of the announcement of the decision to relocate the Department of Veterans Affairs headquarters to Prince Edward Island?

2. Were any discussions held by the Minister of Veterans Affairs with officials of his department prior to the announcement, and, if so, what were the names and titles of those officials?

3. Were any discussions or meetings held by the minister with any veterans' organizations prior to the announcement, and, if so, list the organizations?

4. Were any discussions or meetings held with the Public Service Union prior to the announcement?

*Reply by the Minister of Veterans Affairs:*

1. October 28, 1976.

2. Yes. Discussions were held with the most senior level officials of the department and with the heads of agencies.

3. No.

4. No.

## THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance with respect to the supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1979.

**Senator Everett** moved that the report be adopted.

He said: Honourable senators, I learned years ago in the study of economics not to get into a discussion or argument about the balance of payments. If Senator Roblin were the Leader of the Government, I would have to ask him a question, because I would be constrained to want to know how you can be "impaled on a circular argument."

**Senator Roblin:** Honourable senators, I can say that it is a very difficult achievement, but my honourable friend the Leader of the Government does it often.

**Senator Guay:** Honourable senators, before we agree to this motion, I should like to know, once again, whether the report being presented today is in the two official languages of this country. May I be told whether it is or not?

**Senator Everett:** Honourable senators, it is in the two official languages, although I did not have a copy in the French language to table at the time I rose. It will be in the two official languages, and a copy will be available to the honourable senator.

Honourable senators, before I go through the supplementary estimates (B) with you, I would thank Senator Grosart for intervening on my behalf when I asked to be heard at this

time. I would also go a little further and thank Senator Grosart, as I think all members of the committee would, for being a member of this committee. His experience in the operation of government, and especially in the work of Treasury Board in controlling expenditures, is probably unparalleled in Parliament.

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

**Senator Everett:** Time and again the witnesses from Treasury Board come before the committee and go away saying how pleased they are to have been there, and how germane the questions were. Very often the discussion has been led by Senator Grosart.

Honourable senators, we are dealing with supplementary estimates (B) for the year ending March 31, 1979, and this completes the 1978-1979 fiscal year. The supplementary expenditures total $346 million, of which $249 million constitutes budgetary expenditures and $97 million constitutes loans, investments and advances.

This brings the total spending estimates for the fiscal year, which will be completed at the end of this month, to $50.138 billion. However, when you take into account loan repayments and normal lapses of spending, you find that the total spending for the fiscal year is $48.3 billion, which is within the ceiling that the government imposed upon itself at the beginning of the year.

Attached to the estimates is a list of $1 items. As you know, the committee, in the past, has been particularly interested in $1 items which amend legislation. We have to commend the Treasury Board on reducing the number of such items, but we are still concerned about the appearance of any in the estimates. The main cause of our concern is that these $1 items which amend legislation very often do not appear in the Statutes of Canada and, therefore, people or their lawyers seeking information are often unable to find, by going to the Statutes of Canada or the Revised Statutes of Canada, the current state of the law.

At our request, Treasury Board is going to conduct a study to see if there is some other way of introducing such minor legislation other than through $1 items in the supplementary estimates. One thing they will look at is whether or not there could be introduced each year, or even more often, an omnibus bill to deal with these minor legislative items, a bill which would receive three readings and perhaps committee study in each of the houses.

The committee is also concerned with $1 items which are delays of capital expenditures. The committee has objected to that procedure. What happens is that capital expenditures which were to have been made in the current fiscal year are delayed into a subsequent fiscal year because the capital project is not moving as quickly as Treasury Board or the government thought it would. Instead of the saving being taken back as a reduction in the total estimates, it is used on a current expenditure.

Treasury Board is going to give us a table which will be part of the documentation of $1 items, and which will be attached to future reports, setting out separately the capital expenditures that are delayed, and showing where the funds are used to finance current expenditures.

Another item the report deals with is the question of writing off bad debts. At the present time all bad debts in excess of $5,000 can only be written off with approval sought under estimates or supplementary estimates. This is a limit that has obviously been exceeded by the size of government spending and by inflation generally. The committee asked officials of the Treasury Board to study the matter, and make a recommendation which would raise that limit and provide that write-offs of whatever size are shown in the public accounts.

● (1450)

Finally, honourable senators, the committee dealt with the question of grants and contributions. It will be realized that grants are payments made to organizations which the government does not audit subsequently, whereas contributions are payments that are made subject to a satisfactory government audit. The committee has been concerned about the situation concerning grants for the very reason that they are not audited. We have asked officials of the Treasury Board to look into the possibility of showing in the Public Accounts each year a list of all grants, their recipients, the amounts and the objectives of the expenditures. Officials of the Treasury Board have also agreed to study the matter of grants to see whether it would be possible to have the recipient of the grant at least verify that the money was used for the purposes for which it was given. That would not involve an audit, but it would involve verification of some sort by the recipient of the grant.

I have tried to be brief because I know I am out of turn, but before sitting down I should like to say one further thing. Two or three years ago the government set annual spending limits. This is something our committee requested over many years. We were delighted to see it done. Honourable senators know that I have been critical of the government in the past over the matter of spending, but I was pleased, as was the committee, to see that the government set limits. I am more than pleased to find that the government, in this fiscal year, has been able to contain its spending within the limit of $48 billion. In the context of previous criticism, I say to the government—and I hope this will be conveyed to the cabinet by the Leader of the Government in the Senate—that I and other committee members congratulate them for their greater control over expenditures.

On motion of Senator Grosart, debate adjourned.

## BANKS AND BANKING LAW REVISION

### AUTHORITY TO PUBLISH AND DISTRIBUTE REPORTS OF THE BANKING, TRADE AND COMMERCE COMMITTEE

The Senate resumed from yesterday the debate on the motion of Senator Hayden:

> That the honourable senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments be author-

ized to publish and distribute the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-15, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof".

**Senator Flynn:** What I have to say is rather brief.

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

**Senator Flynn:** The applause seems to suggest that I make long speeches. I think I am more relevant than the Leader of the Government is, generally speaking.

These remarks apply to this order and the one following. They have the same wording and have the same effect. I adjourned the debate because I wanted to consider the implications of these motions. I do not object to them for two reasons.

First, they probably will be of no effect because my understanding is that the reports will be tabled next week. The motions were probably presented in the perspective of a dissolution of Parliament this weekend, a perspective that has disappeared.

Secondly, there is the problem of giving the authority to the special committee—which is formed as a matter of practice and not as a matter of law—to deal with problems of internal economy between Parliaments and between sessions, but especially between Parliaments because the state of Parliament is rather in limbo then and we do not know exactly what we can or cannot do. One sure thing is that no committee of the Senate can meet between Parliaments.

I have deplored this on previous occasions. As Senator Hayden mentioned, I moved a motion in 1972 to try to ameliorate the plight of the Science Policy Committee. That committee was unable to continue with its meetings as a committee between Parliaments. It could do some work, but not on an official basis and not as efficiently as it could if the committee had been able to meet.

The problem remains, but until we find a solution there is no difficulty in using this technique regardless of whether it is entirely correct.

For those reasons, I have no objection to the motion being adopted.

Motion agreed to.

## INCOME TAX

### AUTHORITY TO PUBLISH AND DISTRIBUTE REPORT OF THE BANKING, TRADE AND COMMERCE COMMITTEE

The Senate resumed from yesterday the debate on the motion of Senator Hayden:

That the honourable senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments be authorized to publish and distribute the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-37, intituled: "An Act to amend the statute law relating to income tax, to amend the Canada Pension Plan and to provide other authority for the raising of funds".

**Senator Flynn:** For the same reasons, I have no objection to the motion being adopted.

Motion agreed to.

## COMPUTER AND TELECOMMUNICATION TECHNOLOGY

### MOTION TO APPOINT SPECIAL COMMITTEE—DEBATE ADJOURNED

**Hon. Florence B. Bird** rose, pursuant to notice of Thursday, March 1, 1979:

That she will call the attention of the Senate to the desirability of appointing, at the next Session of Parliament, a Special Committee of the Senate to inquire into and report upon the impact of the combination of computer and telecommunication technology, and the ways the concept of a "wired society" affects Canadians.

She said: Honourable senators, this is not a matter concerning petty parish pump politics, but a political matter of importance to every Canadian. We, in this chamber, will sooner or later be faced with making momentous decisions concerning legislation dealing with the authority of the federal government and that of the provinces in regard to telecommunications.

As you know, the Honourable Jeanne Sauvé has appointed a committee of 10 knowledgeable men under the chairmanship of the Honourable John V. Clyne. It has been asked to make specific recommendations on "a strategy to restructure the Canadian telecommunications system in order to contribute more effectively to the safeguarding of Canada's sovereignty". Its report will be based on an examination of studies and reports made for the Department of Communications.

● (1500)

There has been some discussion in the other place about the possibility of setting up a royal commission to examine the dangers and the benefits involved in the new computer and telecommunications technology. I think that this is an area which can and should be examined by a special committee of the Senate, rather than by a royal commission.

The Clyne Committee has worked from documents only; it did not hold public hearings. I think that public hearings should be held so that people in every part of Canada may become fully aware of the impact of this new technology. Furthermore, it is our duty, as legislators, to understand fully the potential of this new field of electronics. We can do that only by holding public hearings.

Some years ago I first became aware of the way telecommunications may drastically change the quality of life in this country. At that time the Royal Society of Canada sponsored

a symposium called "Communications in the Home", and I was asked to be one of the speakers. The research required to prepare a serious hour-long paper was, for me, a mind-expanding experience. I had read Toffler's *Future Shock,* and was indeed shocked to realize that inevitably, in one way or another, every aspect of our lives will be affected.

This electronic phase of the industrial revolution forces on us in this chamber an obligation to bring together the best minds in the country and to publicize their thinking.

Here in Canada we have the ability and the know-how required to produce the hardware for vast, far-reaching computer and telecommunications technology. It is the software which should concern us. In other words, how do we use this extraordinary ability?

The time to act is now. I must remind you of what happened in other areas when we thought complacently only about the today instead of the tomorrow.

We are now spending millions of dollars to try, in some small degree, to cleanse the pollution of our wonderful rivers and lakes—pollution which could have been prevented and which now is doing so much harm to public health and to the enjoyment of our environment. We have also allowed the air we breath to be poisoned. In some places even the gentle rain from heaven is no longer pure. We have allowed television, a tremendous potential for education, to become a source of pollution of the mind. It has done great harm to our children by advertising violence and by exploiting man's inhumanity to man.

The new telecommunications technology has incredible potential for good and for evil. It raises many issues which go beyond the terms of reference of the Clyne Committee. It involves not only our national sovereignty but our relations with the provinces and with the private sector. It is really a question of whether we are to control it or be controlled by it.

Honourable senators, I do not apologize for taking your time when the pressure of work is so heavy. I have raised the subject now because I hope that before we come back, after the election, we will have had a chance to study the Clyne report. Presumably the report will be made public by the government, even if it cannot be tabled should Parliament be dissolved before it comes out.

I also hope that we will be able to read a book called *The Wired Society—A Challenge for Tomorrow*, by James Martin. It emphasizes the extent to which our society will be affected. James Martin is a graduate of Oxford University and at present is a Visiting Fellow at Lancaster University. He is an authority on computers and has written 12 books. Another book of his is entitled *Security, Accuracy and Privacy in Computer Systems.* We might try to get hold of it, since we will have to concern ourselves with the privacy of individuals as well as with the protection of classified government information.

During the summer we might think about adequate, far-reaching terms of reference for what could be an important, historic committee. If the Senate appoints such a committee, it could make a valuable contribution to our society.

On motion of Senator Petten, debate adjourned.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 8, 1979

Madam,

I have the honour to inform you that the Honourable Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 8th day of March, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa.

The Senate adjourned during pleasure.

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At 5.40 p.m. the sitting was resumed.

## NORTHWEST TERRITORIES ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Northwest Territories Act.

Bill read first time.

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

**Senator Petten** moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Louis-Philippe Pigeon, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Judges Act, to amend An Act to amend the Judges Act and to amend certain other Acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan.

An Act to amend the Health Resources Fund Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Monday, March 12 at 8 p.m.

## APPENDIX

(*See page 715*)

## THE ESTIMATES

### REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON SUPPLEMENTARY ESTIMATES (B)

The Standing Senate Committee on National Finance to which the Supplementary Estimates "B" laid before Parliament for the fiscal year ending March 31, 1979, were referred has in obedience to the order of reference of Monday, March 5, 1979, examined the said Supplementary Estimates "B" and submits its report as follows:

(1) In obedience to the foregoing, the committee made a general examination of the Supplementary Estimates "B" and heard evidence from Miss Denise Moncion, Assistant Secretary, Program Branch, Treasury Board; Mr. E. A. Radburn, Director, Estimates Division, Program Branch; Mr. E. R. Stimpson, Director, Expenditure Analysis Division.

(2) These Supplementary Estimates "B" total $346 million. The budgetary expenditures total $249 million of which $35 million are statutory items and $214 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say loans, investments, and advances include $97 million to be voted. The total estimates for the fiscal year ending March 31, 1979, are now increased to $50,138 million. After allowing for loan repayments and normal and directed lapses of authorized funding, the final total spending of the federal government is expected to be within the announced ceiling of $48,300 million.

(3) Of the $311 million in these Supplementary Estimates which are to be voted by Parliament, some of the major items are:

—$59 million for the Department of National Defence to cover increases in its operating and capital budgets and in contributions to NATO

—$41 million for the stabilization of agricultural products

—$35 million for the purchase of shares of Nordair Ltd. by the government

—$33 million for payments to the Province of Quebec with respect to adjusted estimates of that province's spending on hospital insurance during the period 1974 to 1977. Such payments were made under Established Programs (Interim Arrangements) Act before it was repealed. Hospital insurance payments to all provinces since 1977-78 have been made under the new established programs financing arrangements.

The revisions to statutory programs amount to a net increase of $35 million and include:

—$77 million for increased contributions to provincial and territorial governments for hospital insurance, medicare and post-secondary education. This includes increased payments to be made under the current established programs financing arrangements as well as a downward revision to the forecast of amounts required this year to settle federal obligations under previous legislation for post-secondary education

—$125 million for additional costs of servicing the public debt

—$43 million in increased old age security and income supplement payments to our older citizens. The increase results from the enrichment of this program, effective January 1, 1979, whereby an additional $20 has been added to the monthly payment made to GIS recipients

—A $174 million reduction, which partially offsets the above increases, in Family Allowance payments. This reduction reflects the lowering of the basic federal Family Allowance payment to $20 per child per month as of January 1, 1979, which constituted part of the restructuring of the child benefits system announced by the government in August.

(4) The committee commends the government for the continuing decline in the use of dollar votes to amend legislation. However the major problem still persists. Whenever a dollar vote is used in this way there is the possibility that the resultant legislative change will not be reflected in the Consolidated Statutes. Hence the practice of law in Canada is thereby impaired; e.g. individuals may be incorrectly informed about their entitlement to benefits.

The committee suggests that a study be conducted by the Treasury Board and submitted to the Committee which assesses alternative means of remedying this fundamental weakness. Included amongst the alternatives should be an assessment of the strengths and weaknesses of using an act to amend acts in lieu of dollar votes.

(5) The Treasury Board supplied the Committee with a list explaining the $1 items in the Supplementary Estimates "B", which is attached as Appendix A. The committee reiterates its objection to the practice of using funds unexpended as a result of delays in capital projects to meet operating expenses via $1 items.

(6) In the past the committee has objected to the lack of distinction in the estimates between those $1 items which are in reality only delayed expenditures and those which represent termination of expenditures. The committee is therefore pleased with the Treasury Board's agreement to henceforth

provide a table which shows separately delayed and terminated items.

(7) The committee suggests for consideration that the limit of $5,000 on bad debt write-offs be reviewed and that amounts below these limits not be shown in the estimates provided the information is displayed in the Public Accounts.

(8) The committee suggests, for the consideration of the Comptroller General, that consideration be given to displaying in the Public Accounts information which shows by recipient, the number of grants and their amounts and objects.

(9) The committee heard substantial evidence on the subject of grants and contributions. As indicated in this evidence, while contributions are subject to audit by the government, grants are not. However, the committee was informed that some departments require grant recipients to file a statement which is used in the assessment of future grant applications.

The committee requested and the Treasury Board agreed to prepare and table a discussion paper containing at least:

—a description of the grants and contribution process

—an assessment of the costs and benefits of requiring grant recipients to file a verification of the expenditure of the grant.

Respectfully submitted,

D. D. Everett,

*Chairman.*

[*Appendix A to report*]

LIST OF ONE DOLLAR VOTES INCLUDED IN
SUPPLEMENTARY ESTIMATES (B), 1978-79

The 48 one dollar votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These one dollar votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Twenty-three votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Ten votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Twelve votes which authorize the deletion of debts, the reimbursement of Accounts for obsolete stores and an accumulated deficit. (An explanation is provided in Supplementary Estimates.)

D. Two votes which amend provisions of previous Appropriation Acts. (Additional explanations are provided in Appendix II.)

E. One other vote which authorizes the payment of pensions. (Additional explanation is provided in Appendix II.)

Estimates Division
Treasury Board
March 2, 1979

[*Appendix I to report*]

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1978-79

| Page | Department or Agency | Vote | Categories | | | | |
|---|---|---|---|---|---|---|---|
| | | | A | B | C | D | E |
| | Agriculture | | | | | | |
| 8 | | 5b | X | | | | |
| 14 | | 40b | X | | | | |
| 16 | —Canadian Dairy Commission | 50b | X | | | | |
| | Communications | | | | | | |
| 20 | | 10b | | X | | | |
| 22 | —Canadian Radio-Television and Telecommunications Commission | 15b | | | X | | |
| | Employment and Immigration | | | | | | |
| 26 | —Canada Employment and Immigration Commission | 5b | X | | | | |
| 28 | | 15b | | X | | | |
| | Energy, Mines and Resources | | | | | | |
| 32 | —Eldorado Nuclear Limited | L85b | | | | X | |
| | Environment | | | | | | |
| 34 | | 1b | X | | | | |
| 36 | | 5b | * | | X | | |
| 36 | | 15b | | X | | | |
| 40 | | 25b | X | | | | |
| 40 | | 30b | | X | | | |
| | External Affairs | | | | | | |
| 44 | —Canadian International Development Agency | 30b | | X | | | |
| | Indian Affairs and Northern Development | | | | | | |
| 54 | | 1b | | | X | | |
| | Industry, Trade and Commerce | | | | | | |
| 64 | | 1b | * | | X | | |
| 66 | | 35b | X | | | | |
| | Justice | | | | | | |
| 72 | —Federal Judiciary | 25b | X | | | | |
| | Labour | | | | | | |
| 74 | | 1b | X | | | | |
| | National Health and Welfare | | | | | | |
| 82 | | 15b | X | | | | |
| 84 | | 25b | X | | | | |
| 84 | | 30b | | * | X | | |
| 86 | | 50b | | X | | | |
| | National Revenue | | | | | | |
| 88 | —Customs and Excise | 1b | | | X | | |
| | Post Office | | | | | | |
| 92 | | 1b | | | X | | |
| | Public Works | | | | | | |
| 96 | | 10b | | | X | | |
| 98 | | 20b | X | | | | |
| | Regional Economic Expansion | | | | | | |
| 102 | | 1b | | | X | | |
| 102 | | L16b | | | | X | |

[*Appendix I to report*)

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1978-79

| Page | Department or Agency | Vote | Categories | | | | |
|---|---|---|---|---|---|---|---|
| | | | A | B | C | D | E |
| | Science and Technology | | | | | | |
| 106 | —National Research Council of Canada | 15b | X | | | | |
| | Secretary of State | | | | | | |
| 108 | | 15b | X | | | | |
| 108 | | 20b | | X | | | |
| 114 | —National Film Board | 85b | | | X | | |
| | Solicitor General | | | | | | |
| 124 | —Corretional Services | 5b | | | * | | X |
| | Transport | | | | | | |
| 130 | | 5b | X | | | | |
| 132 | | 10b | X | | | | |
| 132 | | 12b | X | | | | |
| 132 | | 13b | X | | | | |
| 134 | | 20b | | | X | | |

[*Appendix I to report*]

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1978-79

| Page | Department or Agency | Vote | Categories | | | | |
|---|---|---|---|---|---|---|---|
| | | | A | B | C | D | E |
| 134 | | 30b | * | X | | | |
| 140 | | 40b | X | | | | |
| 140 | | 50b | | X | | | |
| 144 | —Atlantic Pilotage Authority | 70b | X | | | | |
| 148 | —St. Lawrence Seaway Authority | 115b | X | | | | |
| | Treasury Board | | | | | | |
| 150 | —Comptroller General | 40b | X | | | | |
| | Urban Affairs | | | | | | |
| 152 | —Minister of State | 5b | X | | | | |
| | Veterans Affairs | | | | | | |
| 154 | | 1b | | | X | | |
| 156 | | 30b | * | X | | | |

[*Appendix II to report*]

## ADDITIONAL EXPLANATIONS

### CATEGORY D

*Energy, Mines and Resources—Eldorado Nuclear Limited*

*Vote L85b*—To increase from $30 million to $40 million the amount that the Corporation may borrow for capital expenditures by the issue and sale of securities.

*Explanation*—The Corporation was authorized in 1976-77 through an item in Supplementary Estimates to borrow $40 million from the private market for capital purposes. This authority has since been fully utilized. The Corporation was given authority to borrow a further $30 million through the 1977-78 Supplementary Estimates. This authority was not utilized because of delays in the capital program. The 1979 requirements are forecast at $40 million, and it is proposed to increase the last authority by $10 million.

*Regional Economic Expansion*

*Vote L16b*—To amend the existing authority of the Prairie Farm Rehabilitation Administration Working Capital Advance Account to finance expenses in respect of the South Saskatchewan River Project.

*Explanation*—The Working Capital Advance Account was established in 1974-75 through Estimates to:

(a) authorize advances made for the purposes of financing the recoverable portions of the costs of projects constructed by the Department on behalf of a province or a municipality and

(b) credit amounts repaid by a province or a municipality in respect of advances made for recoverable projects under paragraph (a).

This authority does not permit the financing and recovery of operating and maintenance expenses. Authority is therefore requested to permit the charging of operating and maintenance expenses incurred in respect of the South Saskatchewan River Project and the crediting to the account of any monies recovered from the Province of Saskatchewan on behalf of the Project.

### CATEGORY E

*Solicitor General*

*Vote 5b*—To authorize the inclusion of two former penitentiary officers under the Royal Canadian Mounted Police Superannuation Act for pension purposes.

*Explanation*—The families of two deceased penitentiary officers who were killed while on duty are presently receiving pensions under the Government Employees Compensation Act. Authority is requested to now declare, for pension purposes, that prior to their death the two officers were included under the Royal Canadian Mounted Police Superannuation Act. The inclusion of the officers under this Act will provide for increased pensions to their families because the present pensions are not sufficient to meet the full responsibility of the Crown as employer. Provision has been made to ensure double payment of pensions does not occur.

Similar authority was sought in 1964-65 (Supplementary Estimates (A) and (B)), in 1975-76 (Supplementary Estimates (A)) and 1978-79 (Supplementary Estimates (A)) for other officers killed while on duty.

# THE SENATE

**Monday, March 12, 1979**

The Senate met at 8 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

## RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Duquet had been substituted for that of Mr. Stewart (Cochrane) on the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

## SHIPPING CONFERENCES EXEMPTION BILL, 1979

COMMONS MESSAGE

**The Hon. the Speaker** *pro tem* informed the Senate that a message had been received from the House of Commons returning Bill S-6, to exempt certain shipping conference practices from the provisions of the Combines Investigation Act, and acquainting the Senate that they had passed the bill without amendment.

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

## GOVERNMENT ORGANIZATION BILL, 1979

FIRST READING

**The Hon. the Speaker** *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto.

Bill read first time.

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

**Senator Perrault:** With leave, I move, seconded by Senator Langlois, that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

**Senator Grosart:** Honourable senators, before the question is put, perhaps the Leader of the Government could indicate whether there is some urgency in connection with the passage of this bill through the Senate.

**Senator Perrault:** Honourable senators, the word to describe it would not be "urgency." It is, however, a non-controversial matter, and because more controversial measures may be coming before the Senate in the near future, the feeling is that it might be useful, with the co-operation of the official opposition, to deal as soon as possible with this particular measure.

**The Hon. the Speaker** *pro tem:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Copies of correspondence, dated November 9, 1978 and January 26, 1979, between the Prime Minister of Canada and the Premier of Prince Edward Island concerning the publicity arrangements for the respective contribution towards shared-cost programs and certain joint activities in Prince Edward Island.

Report of the Department of Industry, Trade and Commerce for the fiscal year ended March 31, 1978, pursuant to section 8 of the Department of Industry, Trade and Commerce Act, Chapter I-11, R.S.C., 1970.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, March 13, 1979, at 8 o'clock in the evening.

**Senator Grosart:** Would the deputy leader indicate the legislative program that might be before the Senate this week? I am speaking only of the legislative program and not what may be required of the non-legislative committees.

• (2000)

**Senator Langlois:** We will deal with the legislative items on the order paper, including Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto, which was just introduced in the Senate this evening. We also expect two more bills to reach us from the other place tomorrow. One is Bill C-42, dealing with energy supplies, and the second is Bill C-29, dealing with housing.

Motion agreed to.

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Tuesday, March 13, 1979, and that rule 76(4) be suspended in relation thereto.

**Senator Grosart:** Honourable senators, I take it that this means that this committee is seeking permission to sit tomorrow evening. The Senate is not sitting tomorrow afternoon, and I think the general intention was to allow the whole of Tuesday for committees to sit so that insofar as possible it would not be necessary for any committee to sit when the Senate is sitting in the evening. Perhaps the deputy leader would care to explain why it seems to be necessary for this committee to sit tomorrow evening.

**Senator Langlois:** Honourable senators, this motion is made at the request of the Chairman of the Legal and Constitutional Affairs Subcommittee on Off-Track Betting, Senator Buckwold. I understand that witnesses have been called for tomorrow night. As you will no doubt recall I announced the sitting of this committee last Thursday on my adjournment motion, and I have been informed that witnesses had been called. I would point out that this will be the only committee sitting tomorrow night. Since we will have three committees sitting in the afternoon, I do not think we could accommodate more than that without putting undue pressure on honourable senators, especially those on the opposition side.

**Senator Riley:** I would ask the Deputy Leader of the Government if he is not aware that the Committee on Regulations and other Statutory Instruments is sitting tomorrow night. This is a committee for which we do not require the unanimous consent of the Senate.

**Senator Langlois:** But that is a joint committee of both houses.

Motion agreed to.

## FISHERIES

### SEAL HUNT PROTESTERS—QUESTION

**Senator Marshall:** Honourable senators, I have a question to put to the Leader of the Government in the Senate. It has to do with the seal hunt. In view of the fact that a violent clash took place in the Gulf of St. Lawrence when the idiot Cleveland Amory was able to spray dye on a good number of seals, which is contrary to fisheries regulations and is in violation of the Fisheries Act, and in view of the fact that he and others concerned have been arrested, I wonder if the Leader of the Government could assure this chamber that Cleveland Amory, and all those who contravene the Fisheries Act, will not be let off as those other idiots Moore and Davis were let off on those past incidents. Would he get that assurance from the Minister of Fisheries and the Environment, whom I commend for the action he has taken in the past?

• (2010)

**Senator Perrault:** Honourable senators, the matter is before the appropriate judicial authorities. I understand that a request for bail has been made, but no action has yet been taken. I will seek further information on the matter.

**Senator Marshall:** I have a supplementary question. In 1976 I made a request to the minister that the dye being used on young seals be analysed to see if it might be harmful. The minister replied to my request in a letter dated March 11, 1976, in which he confirmed my suspicion that "there is some possibility that spraying of the young animals could cause rejection by the adults; thus, the young seal could be abandoned."

In view of that possibility, I wonder if the Leader of the Government in the Senate could assure the house that the minister will make known to the public of Canada the hypocritical action of Cleveland Amory in supposedly protecting the young seals when in fact he is spraying them with this red dye which causes rejection by the mother seal. Could that be taken into consideration, and if there is a confirmation that there is a rejection, could the public be assured that that man, Cleveland Amory, who is a huckster collecting money from innocent souls on a pretext, will be dealt with as severely as he should be?

**Senator Perrault:** Honourable senators, I understand that certain scientific authorities have expressed the view that maternal rejection, the rejection referred to by Senator Marshall, may indeed occur. However, because of the technical nature of the inquiry and because I do not have available to me detailed and up-to-date information on the situation, I think it more appropriate to attempt to bring a detailed explanation to this chamber tomorrow.

**Senator Marshall:** Thank you.

## OFF-TRACK BETTING

### STATEMENT OF MINISTER OF AGRICULTURE—QUESTION

**Senator Flynn:** Honourable senators, may I ask the Leader of the Government about a statement reported in this morning's Montreal *Gazette* as having been made by the Minister of Agriculture over the weekend? He is reported as having said in Toronto that off-track betting on horse races should not be legalized because there is already too much gambling in Canada. If I remember correctly, he is the one who asked the Leader of the Government in the Senate to recommend that the Standing Senate Committee on Legal and Constitutional Affairs look into this matter. Would the leader tell us in what position that puts the members of that committee?

**Senator Perrault:** Honourable senators, first of all, I do not have available to me at this time the complete statement attributed to the minister, and it would not be fair to render any kind of judgment on such a statement if, indeed, such a statement was made in the terms expressed by the Honourable Leader of the Opposition. However, let me say that the Minister of Agriculture has on a number of occasions stated that he, personally, does not favour off-track betting. It is a measure of the minister that, despite these deeply held personal views, he has asked the Senate to bring its objective

resources to bear on the problem. It is praiseworthy that he has sought our advice despite any personal views he might hold.

I know that honourable senators are aware that in the ultimate, after the Senate's views are made known, the government will propose a course of action that Parliament may choose or approve. Any decision will be a consensus decision, as all decisions of that kind are.

As a result of the evidence which the Senate in good time will produce on the subject of off-track betting, it may be that the minister's views will be confirmed, but it may mean equally that a contrary body of evidence may be brought forward which may induce the minister, in good time, to alter his opinions.

## FOREIGN AFFAIRS

### CANADIAN POLICY RESPECTING HOSTILITIES BETWEEN CHINA AND VIETNAM—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I have a reply to a question asked by Senator Bosa about the China-Vietnam hostilities. Senator Bosa said:

> —I should like to preface my question by saying that some Canadians might feel that when something happens far away it may not affect their lives. On the contrary, we have seen what has happened in Iran, and we are now feeling the repercussions as a result of the change of administration in that country.

We are encouraged by reports we have received which indicate that the Chinese have indeed begun to withdraw their forces from Vietnam, although there are also reports of continued fighting in some sectors. I believe that was confirmed on the news this evening.

We very much hope that the withdrawal will be completed quickly and that talks will commence at the political level to settle outstanding differences in southeast Asia in a peaceful manner.

## AGRICULTURE

### INTERNATIONAL WHEAT AGREEMENT—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked recently concerning the International Wheat Agreement, as to whether a report can be brought forward as to the proceedings of the endeavour that has recently been terminated to renegotiate the international wheat agreement. The news reports have it that no agreement has been reached.

I wish to confirm that the United Nations Conference, convened to replace the 1971 international wheat agreement, adjourned on February 14 without reaching agreement. This was the third session of the conference, and it was adjourned when it was concluded that differences among wheat exporting and wheat importing countries on levels of prices, reserve stocks and special provisions for developing countries were too broad to overcome at this time.



The conference recommended that the 1971 wheat trade and food aid conventions should be extended. A report on the status of the work of the conference will be prepared with a view to the resumption of negotiations once the International Wheat Council is satisfied that a basis exists to do so.

Canada supported the negotiation of an international wheat agreement as a means of improving stability in world trade to the benefit of both producing and consuming nations. The Canadian objective was to achieve a price range that would return costs of production to Canadian farmers, spread the burden of stock carrying beyond North America, and provide grain reserves as security against shortage situations.

Canada was seeking agreement to a reserve stock of sufficient size to moderate the market within acceptable price levels and to ensure that some wheat is available and held by all major countries to avoid extreme shortages.

Our primary concern was to achieve a good commercial wheat agreement that would benefit Canadian producers and prove effective over the lifetime of the arrangement.

Most major trading countries including Canada recognized that the differences over the basic elements were too broad to overcome at this time. All major countries agreed that a framework for continued co-operation was essential and that the present wheat trade and food aid conventions should be maintained through the extension of the 1971 international wheat agreement.

The Canadian delegation, with the support of a number of farm leaders who served as advisers, worked hard for a positive result and endorsed the conference decision to resume negotiations when positive results can be achieved.

## THE ECONOMY

### NATIONAL COMMISSION ON INFLATION—TERMS OF REFERENCE AND REPORTING PROCEDURES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, on March 6 Senator Roblin asked a question concerning the National Commission on Inflation. The first part of the question was why was the CSIP abolished?

The CSIP was abolished because the government believes that it is necessary for the agency responsible for monitoring prices and incomes to have powers under the Inquiries Act to require the submission of information if it is to be able to do its job properly. The CSIP had requested the voluntary submission of information from 190 of the largest companies, and some of the companies had expressed their reluctance to co-operate. The government could not give the CSIP Inquiries Act powers because such powers were judged to be inconsistent with the mandate of CSIP's parent organization, the Economic Council of Canada, which has broad responsibility to advise and recommend on how Canada can achieve the highest standards of economic performance.

Senator Roblin also asked what is to be expected of the National Commission on Inflation.

It is expected that the commission will provide informed analysis of general price and income developments as well as of specific price and income decisions that appear to be out of line. Where large increases can be shown to result from special circumstances, it is important that these circumstances be explained publicly so that such increases will not become pattern setters. It will also be the duty of the commission to draw other cases of large increases to the attention of the government.

● (2020)

The mandate of the commission will be to monitor changes in prices, profits, compensation and costs in particular sectors and in the economy as a whole; to promote public understanding of the inflationary process and its implications for the economy; to identify particular increases in prices, profits or compensation which appear to merit special attention; to consult with the parties concerned, to assess whether the increases are appropriate in the circumstances and, where the commission deems it advisable, to report publicly; and where, in the opinion of the commission, any particular price, profit or compensation decision is likely to be prejudicial to the objective of reducing inflation and maintaining the competitive position of Canadian industries, to report to the government.

Senator Roblin also asked why a change had been made in the reporting procedures between CSIP and the National Commission on Inflation.

The change in reporting procedures is more a question of emphasis than of substance. According to its terms of reference the National Commission on Inflation has been directed to report to the public when it deems it appropriate to do so. If the commission uncovers cases of unwarranted price and wage increases, it will first consult and negotiate with the persons concerned and attempt to persuade them to modify their behaviour. Only if this fails will the commission resort to publicity. At the same time, the commission will be able to make recommendations to the government which the government will seriously consider.

Honourable senators, there are two short documents here, which are supplementary in nature but which are too long to be read at this time. One is a Department of Finance press release in connection with the establishment of the National Commission on Inflation, and the other is a statement by the Committee of the Privy Council. I would be happy to have these documents made part of today's *Hansard*, if that is of interest to honourable senators.

**Senator Flynn:** For what they are worth.

**The Hon. the Speaker** *pro tem:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of documents, see appendix, page 742.*]

## NORTHWEST TERRITORIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of the Bill C-28, intituled: "An Act to amend the Northwest Territories Act".—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to the Honourable Senator Adams.

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

**Hon. Senators:** Agreed.

**Hon. Willie Adams** moved the second reading of Bill C-28, to amend the Northwest Territories Act.

He said: Honourable senators, this is the first opportunity I have had since my appointment to this house two years ago to move second reading of a bill. Although I am a little nervous about speaking in the house for the first time, I am proud to move second reading tonight of Bill C-28.

Although I have not been a member of the Northwest Territories Council for four years, it gives me great pleasure to support this bill to amend the Northwest Territories Act, the purpose of which, as we all know, is to increase the membership of that Council. Right now there are 15 members, and the bill seeks to increase that number to 22.

I am very familiar with the work of the Northwest Territories Council and with the duties of the Commissioner in Council.

I think we all understand what the bill means. The Northwest Territories comprise 3,350,000 square miles of land, with a population of around 40,000. I therefore think we can understand why we need an enlarged Council, to represent the different nationalities, cultures and languages, because they may well reflect the rest of Canada's citizens. I know from my own experience, in travelling among the different communities, it is sometimes difficult to understand how the people of those communities can be represented. Since I have been here in Ottawa, it has not been difficult to understand how we represent the interests of citizens in the rest of Canada, with their different languages, transportation and communication problems, and organize our government for the benefit of both the north and the south.

I think we all understand how our different cultures enrich the rest of Canada. I have been a member of the Council and I understand the functions of the Prime Minister, and since I have been in Ottawa I have a clearer understanding of how the government operates. However, I appreciate that those who live in the north, who developed the north, understand the people there and how to educate them to live there. Those who live in the Territories know how to live off the land. While the government is moving into the northern communities to teach children what they conceive to be the right way to live, those who have hitherto lived off the land may not fully understand the new laws that they now have to live by. However, in the last few years the people there have had a greater understanding of local government and how to run their communities.

● (2025)

I was elected to the Council of Rankin Hamlet and was chairman for four years. The government gave the Council an

annual budget of $12,000 for community associations and other activities.

When I left two years ago, the budget for Rankin Hamlet was a little over a half-million dollars. There is a great difference between $12,000 and a half million dollars to run a community of just over a thousand people.

Under the provisions of the bill the local people have more control over the territory. In 1970 we had two elected Inuit members of Council. Now we have six Inuit members in the Legislative Assembly at Yellowknife, and two members from the central and eastern Arctic.

I think we will have nine or ten elected Inuit members after the spring or fall election. From the Mackenzie Delta, or at least the west, we should have another five or six members. Because of the increased representation, the people of the north will better understand the governing of their community.

We speak of our future development in the north in relation to natural gas from the Arctic islands. We really need representation to help the people in the Arctic understand what is going on in Ottawa.

A week ago in Calgary I met with representatives of Petro-Can. They were talking about two 140,000 ton icebreakers to transport liquefied natural gas from the Arctic islands down to eastern Canada and the United States. Equipped with 200,000 horsepower engines, some vessels make about 15 round trips a year through the ice, in both the winter and the summer. There are two icebreakers transporting natural gas from the Arctic to the south.

Honourable senators, I think we should try to understand the people who live and hunt in the north. We hear much talk nowadays about the seal hunt in Newfoundland. Those people sell seal skins. People in the Hudson Bay area also hunt and sell seal skins for money and use the meat as food.

● (2035)

Nowadays people can buy high-powered guns and high-powered skidoos in order to go out hunting caribou. It used to take the people of the north three or four days to hunt a caribou. Nowadays, in a space of two or three hours, you can shoot several caribou. The result is that many more animals are being killed.

People from the south have started settling in the community, and they are allowed certain quotas in respect of hunting. White settlers in the Northwest Territories were, at one time, allowed to kill five caribou a year. Now that quota has been reduced to two or three caribou per year. As I say, this applies only to people from outside who have settled in the Northwest Territories. The quotas do not apply to the Inuit, but we have to be careful because the caribou population is decreasing every year.

We need some support from the Council in persuading the people of the community to hunt fewer caribou and other animals. At one time no one was settling in the community, and we did not need this support from the Council, but now we do need it in order to teach people how to live off the land.

[Senator Adams]

Honourable senators, this is the first time I have spoken in this chamber, and I hope you now have a better understanding of the way of life of the Inuit and of Inuit culture. People living in the north need your support for this bill. In the meantime, the Inuit need more opportunities to increase their understanding of politics.

After the next federal election I think we are going to have two more seats in the house. I hope that soon there will be another senator to support me, because I cannot represent the whole of the Northwest Territories myself. It is difficult to travel from community to community.

● (2040)

There is one place I wish to mention, a small community called Belcher Island. At the time that I was a member of the Council we called it Belchers. It was named after an old Eskimo by the name of Sanikiluaq, who lived on the west side of Hudson Bay. This would have been close to Labrador, and was a difficult place to get to from Rankin Inlet, Churchill or Montreal. This small community had a population of 300 and was governed from Yellowknife. It takes a long time to get to those communities.

I thank honourable senators for giving me an opportunity to speak on this subject this evening. I commend this bill to the Senate.

On motion of Senator Yuzyk, debate adjourned.

## BANKRUPTCY BILL, 1979

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, March 6, the debate on the motion of the Honourable Senator Hayden for the second reading of Bill S-14, respecting bankruptcy and insolvency.

[*Translation*]

**Hon. Jacques Flynn:** Honourable senators, I for one have no objection to Bill S-14 being passed at the second reading stage. The sponsor of the bill, Senator Hayden, fully explained its background. It had to two predecessors—one in 1975, Bill C-60, and another one in 1978, Bill S-11. I think this will not be the bill that will be passed. I think it is obvious that the committee will have very little time to consider it. In any case, even if the Senate committee has the time to consider it, make a report on it and send it to the House of Commons, it would die on the order paper at the other place like its two predecessors.

The fact still remains that the work done by the Senate on the two preceding bills was very useful. Senator Hayden explained that out of the 130 recommendations, I think, that we made on Bill C-60, 109 had results since they have been incorported in the bill now before us.

Certain problems remain. Senator Hayden mentioned the preference given to employees' salaries over secured creditors, particularly creditors secured by mortgages. This posed difficulties respecting the financing of a company's operations. So the government had to give it up to consider the possibility of setting up an insurance fund to replace that preference and

make sure the employees of a bankrupt corporation get the back pay which may be due to them at the time of the bankruptcy, that is to make sure they get it a lot faster, of course, than if they had only been given preference over creditors secured under the law. This remains a rather complicated problem. In principle, if the idea is excellent there is the question of whether a host of other people should not get the same insurance.

I was always a little reluctant to accept that proposal which stems, of course, from a natural desire to protect the employees of a bankrupt corporation. Should there not a host of similar guarantees in other areas? That would be another government intrusion in all sorts of areas. Finally, there is no way out of it.

In any case, if eventually a fair solution is found which does not set too dangerous a precedent, I would be quite agreeable. For the time being, we are only giving the Senate Committee on Banking, Trade and Commerce an opportunity to examine this third bankruptcy bill tabled during this Parliament just before it expires. If the committee has the time to do something, well, that is fine. If not, we will be back in a new Parliament with a fourth bill dealing with the Bankruptcy Act. [*English*]

On motion of Senator Langlois, debate adjourned.

## THE ESTIMATES

### REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

The Senate resumed from Thursday, March 8, the debate on the motion of Senator Everett for the adoption of the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1979.

**Hon. Allister Grosart:** Honourable senators, at the last sitting, Senator Everett presented the report of the Standing Senate Committee on National Finance on supplementary estimates (B), to which were appended certain documents provided by representatives of the Treasury Board. Supplementary estimates (B), incidentally, will be the last supplementary estimates for the current fiscal year.

Senator Everett gave a full explanation of the proceedings of the committee up to that time, and made some comments on the report which is now before the Senate. As is customary at this time, I shall make a few remarks.

● (2050)

We have an understanding here that the Senate will not consider an appropriation bill based on estimates, main or supplementary, until those estimates have been the subject of a report by the Standing Senate Committee on National Finance. That has been done, and the way is now clear for consideration of the appropriation bill when it comes before us.

Senator Everett said a few complimentary things about me. He is quite correct when he says that I should know something about the procedures with respect to estimates. The reason is that I am probably the only senator who has had the great privilege of serving on the National Finance Committee under three great chairmen, Senator D'Arcy Leonard, Senator John Aird, and now Senator Doug Everett. Having served under those distinguished senators on that committee, I should know something about estimates procedures, and if it shows once in a while it is perhaps not surprising.

These estimates are, of course, suplementary to the main estimates, and will bring total spending intentions of the government to slightly over $50 billion for this fiscal year. We are told, however, that certain lapses and savings of various kinds will keep total government expenditures for the current fiscal year somewhere in the neighbourhood of $48 billion. We also know, looking ahead, that almost certainly total expenditures for the next fiscal year will rise above $50 billion. In fact, it is almost certain that in Canada we are on the verge of having government spending intentions of $1 billion a week for the first time in our history.

One of the largest items in these supplementary estimates is provision for the servicing of the national debt. This, of course, is closely linked to the spending intentions of the government, past, present and future. Senator Everett, on behalf of the committee, paid tribute to the government for its restraint of spending intentions for the current fiscal year and the year ahead. I agree with that. I do not think any reasonable person can dispute the fact that the government has embarked on a policy of restraining its spending intentions—not necessarily its spending, but its spending intentions. In that respect, it has clearly embarked on a policy of restraint and is to be congratulated, even if, again, it is a last minute conversion on the road to Damascus.

There is the clearest evidence from all those who have examined our current problems that one of the major causes of inflation has been federal government spending over the last few years. There is no question but that this has been a cause of inflation.

**Senator Bosa:** What about provincial and municipal government spending?

**Senator Grosart:** That is a very interesting question, and one that is invariably asked at this time.

**Senator Perrault:** With good reason.

**Senator Grosart:** The fact of the matter is that the federal government's record is the one that is generally labelled by the economists as the major cause of inflation. It is not enough to say that other governments have contributed, because everyone who is even slightly aware of the relations between the two levels of government—the transfer payments to provincial governments and to individuals—will know that the cause of inflation has been excessive federal government spending.

I am not suggesting that the provinces and the municipalities have not themselves been guilty of this. They have. But that in no way excuses the federal government for its record in this area. Of course, it doesn't. As a matter of fact, what the economists are saying is that the federal government set a bad example and the others followed. That is natural in the

circumstances. It is not a good argument. It is put forward, but it is not a good argument. One cannot excuse the excesses of the federal government by saying that others have been excessive. One might just as well say we have all been excessive in our spending habits, which I suppose some of us have.

But that is an aside. I started to say I was prepared to compliment the government on the fact that it has shown restraint in the last two or three years, and has put into place some mechanisms that have been effective. The committee recognized this. Some of the mechanisms are the result of recommendations of the National Finance Committee—a fact that not everyone is aware of.

The Standing Senate Committee on National Finance was the first committee of any legislature in Canada to insist that the annual increase in federal government expenditures or spending intentions be no more than the increase in the GNP. In fact, it was before the National Finance Committee, whose report we are now considering, that the announcement was first made by the government that this was government policy. I commend the government for that.

It was a policy that was late in being adopted—too late not to leave us with some of the problems which we are now facing due to excessive spending in earlier years. But because the government was at fault then does not mean that, speaking as a member of the National Finance Committee, I am not prepared now to compliment it on some of the mechanisms which have been put in place. One such mechanism, and a very important one—again coming from a recommendation of the Standing Senate Committee on National Finance—is that the government will incorporate in its statement of spending intentions for any year the shortfalls, the savings, that can be made and should be made in departmental budgets.

Total government expenditures for this fiscal year—budgetary, non-budgetary, statutory, and so on—amount to $50 billion. However, we are going to spend only $48 billion because of shortfalls in departmental budget authorizations by Parliament. In previous years, the tendency of departments was to make use of the total budgets authorized by Parliament. Everyone knows that in the month or so prior to the end of the fiscal year departments were often looking for ways to spend the moneys allocated. They did not want to let any amount lapse because of the fear the Treasury Board would cut their budget for the next fiscal year. The evidence before the committee was that the departments are actually trying to achieve shortfalls, and in fact are proud of the fact when shortfalls are achieved—and all because this mechanism was introduced. I compliment the government on that.

That was a bit of a digression—perhaps in response to Senator Bosa's interesting question.

As I was saying earlier, one of the major items, or the major item, in the supplementary estimates relates to the servicing of the national debt. Of the total increase in spending intentions of $346 million indicated by these supplementary estimates, $125 million, or more than one-third, relates to the servicing of the public debt. This has to be a cause of concern on the part of anyone who is interested in Canadian fiscal policy. Our public debt is getting too high. There is no question about that. It is very close to being $1 billion. Here in these supplementary estimates, the last supplementary estimates for this fiscal year, we are asked to provide an additional $125 million. This is extra money—money that was not even thought of or anticipated. The exchange problem has something to do with it, but suddenly we are asked to find another $125 million to help service the national debt. That is a problem.

There are those who say that the national debt, when compared to the GNP, is not that bad. Well, honourable senators, we know it is bad, and there are only two ways of getting the public debt under control—one is to stop spending money and the other is to find enough money to meet current expenditures. The government is trying, but in my view, from where I sit, it is not trying hard enough. It can do more, and perhaps it will.

• (2100)

The categories of $1 items in the supplementary estimates concerned the committee. Again it was the Standing Senate Committee on National Finance that first drew attention to the serious problem of the use of $1 votes in estimates to achieve results that could and should be achieved by more direct means. One dollar votes are a device, a devious device. In some cases, they can be defended, but the view of our committee generally has been that they should be eliminated as soon as possible. The chairman of the committee in his report commended the government and Treasury Board on the fact that they have minimized the use of $1 votes to amend legislation. This is true, but again I think it is because of the continual raising of the issue by the Senate's National Finance Committee.

In these supplementary estimates we are down to two $1 votes that amend legislation. But here again—and Senator Everett referred to this—what happens is that a statute is amended and generally speaking there is not the slightest mention of it in the statutes. Nobody knows about it. We have had cases before the committee where essential benefits that Canadians were entitled to were not known anywhere because they were hidden away in a $1 vote that usually amended an appropriation act.

The officials, of course, will defend the two cases I mention by saying, "Well, if we were to amend these acts in the usual way, it would mean introducing bills in Parliament which would state specifically that such and such an act is to be amended. But then this parliamentary process is so slow . . ." Of course it is slow, honourable senators, but the same process applies to any new statute and to any amendment to a statute. What we have said in committee and what we continue to say is that amendment of legislation by a $1 vote is a device that should be dispensed with. The Treasury Board has this under consideration, on the suggestion of our committee. It is quite possible, perhaps twice a year, to introduce a bill in the House of Commons and say, "Here are amendments, some of them important and some of them not so important, to statutes that we would normally propose by $1 votes in the estimates. We

now bring them before Parliament. They are purely housekeeping measures. Will you pass them?" In that way every lawyer in Canada, and the public generally, would know that the statutes had been amended.

That is one of our suggestions, and I believe it will not be long before the Treasury Board accepts it. In saying that I pay a compliment to the officials who have been before us over the years. They have been most receptive to suggestions we have made, and over and over again they have implemented them. Many of the improvements in the estimates have been the result of agreement by the officials that the estimates as they are before us are far from perfect. This, of course, is now being reflected very much in the deliberations of the Public Accounts Committee of the other place where these very issues are now being discussed. Again I am delighted to see that the officials are saying, "Yes, we agree, the estimates are not perfect; they don't disclose to members of Parliament or the public the information that members of Parliament and the public are entitled to."

These are some random comments, honourable senators, on the work of this committee which over the years, in my view, has brought a good deal of distinction to the Senate under the chairmen whom I have mentioned and under whom I have had the honour to serve.

Senator Everett raised a few other matters that are indicative of the necessity for continual scrutiny of the estimates, and an attitude of responsiveness on the part of the officials and the ministers to change. He spoke of the question of grants and contributions. There is no total list anywhere of the grants that are made by departments through the estimates and the appropriation bills. Senator Robichaud raised this question, very properly, and I think he was disappointed that he was not able to get more precise answers. But he was able to put on the record a request, and again I think there was a good response from the officials that they would try to come up with a list so that parliamentarians and the public would know what grants are being made, because grants are not subject to audit. Here are large total sums of money that are being given to institutions and organizations around the world—some of them in Canada—which are not subject to audit.

We had a case in the current fiscal year where a very large sum had not been spent by a grantee and it was in the position of being able to put $250,000 in its pocket because it was not required to account for it. When you look at the situation you find immediately, because of the *ad hoc* way in which the estimates have grown up, that what are called "grants" officially are actually "contributions" and what are called "contributions", in any sense of the English language at least, are "grants". This is the kind of thing we are faced with. And so we have the silly rule that grants are not subject to audit, but contributions are.

These are the kinds of things which your committee is looking at, and I am sure honourable senators will be glad to know that we are getting the kind of response we seek from the officials and through them, very often directly, from the ministers.

There is one final matter I should like to draw to the attention of honourable senators and that is the wording "Objects of Expenditure." This is a technical term under which all of the objects of federal government expenditure are broken down and disaggregated by a number of groups. I think they total 11. One is called "Professional and Special Services." This has grown, like Topsy, so that the total this year will amount to something like $1.5 billion, but it is not broken down. Here again it is this *ad hoc* situation of taking a title and throwing anything you like under there because there is no place else to put it. "Professional and Special Services"—there arises immediately, of course, a suspicion that this is one way to hide the fact that the government is hiring extra people, consultants. This is not true. The components of this particular category title are many. We have suggested that this be broken down because people do assume that the government is just hiring a lot of consultants. Some of us think that the federal government is hiring far too many consultants and specialists in many areas, and you can find them if you go through the public accounts. It is possible to separate them out, but again it is our suggestion that this be broken down. The same thing applies to information where there is no breakdown in the "Objects of Expenditure" as between paid advertising and publicity of various kinds.

• (2110)

Honourable senators, these are the kinds of things that your committee, under its excellent chairman, is trying to accomplish for you. I shall have some brief comments to make on the totality of the expenditures when the appropriation bill is before us, and in the meantime I leave it at that.

**Senator Molson:** Honourable senators, may I ask my honourable friend a question? He spoke about the national debt of this country being far too large and about the fact that it was growing extensively and rapidly, and I had the impression that he said it had now reached $1 billion. If I am wrong in that impression, I should like him to correct it, because I believe that the national debt of Canada is far larger than $1 billion.

**Senator Grosart:** I am sorry if I gave an incorrect figure. I will be quite happy to correct that—

**Senator Bosa:** I wonder if I may put a question to the honourable senator. When I asked him my first question relating to government spending, I intimated that the provinces and the municipal governments also engaged in spending. The approximate figures are these: 20 per cent of the gross national product is made up by federal government expenditures, and 20 or 21 per cent of the gross national product is made up by municipal and provincial government spending combined.

Does the honourable senator suggest that this problem is confined to Canada only? Moreover, would he not agree that the oil crisis of 1973 contributed to a great extent to inflation in the whole western world?

**Senator Grosart:** I thank Senator Bosa for his question but, if I may, I will answer Senator Molson's question first.

Senator Molson, I should have said $100 billion; not $1 billion. I am sorry if I made a slip of the tongue there.

**Senator Molson:** I only wish you could have been right the first time.

**Senator Grosart:** I did say that the federal government expenditures would probably reach $1 billion a week next year, but the figure for the public debt is, of course, $100 billion.

In reply to Senator Bosa, of course, there are other contributing factors to inflation. We are not the only country that has inflation, nor are we the only country whose government has spent more money than it should have in the last few years. We are only one of many countries. But this is not the time to go into the question of the state of the economy, as I am sometimes tempted to do, and put some facts on record in reply to Senator Perrault's panegyrics on the wonderful state of the economy.

There are figures you can look at. They are not all good as far as Canada is concerned. We have a higher rate of inflation than the United States; we have a higher rate of inflation than would appear to be necessary in international comparisons. The OECD has commented on that in various ways at various times.

I do agree with Senator Bosa that excessive federal government spending is only one of the causes of inflation, but the consensus among those who are competent to judge these matters is that that has been a major, important and unnecessarily excessive cause in the Canadian context.

**Senator Flynn:** I would like to put a question to Senator Grosart. He mentioned twice, I think, that these supplementaries are the last supplementaries for the current fiscal year. Where does he get that assurance? And, assuming that Parliament will be dissolved, has he any guarantee that Governor General's warrants will not cover additional supplementary estimates for the current fiscal year?

**Senator Grosart:** I am quite sure the Leader of the Opposition is joking when he asks me to give an opinion on that matter. I can merely say in answer that that was the statement made to the committee in writing, namely that these are the last supplementary estimates we will have for the current year.

**Senator Langlois:** And they are the smallest supplementaries in the last eight years.

**Senator Grosart:** Yes, that statement was also made. These are the smallest supplementary estimates in the last eight years.

As to whether the use of Governor General's warrants could be classified as supplementary estimates is beyond me. I would call them something else, I think.

Motion agreed to and report adopted.

[Senator Bosa.]

## SPORTS

### CANADA WINTER GAMES, BRANDON, MANITOBA—DEBATE CONTINUED

The Senate resumed from Tuesday, March 6, the debate on the inquiry of Senator Petten calling the attention of the Senate to the Canada Winter Games held at Brandon, Manitoba, from February 12 to 24, 1979.

**Hon. M. Lorne Bonnell:** Honourable senators, I wholeheartedly support the promotion of amateur sport in this country. I wish to extend my thanks and appreciation for the excellent job done by the Minister of State for Fitness and Amateur Sport in encouraging the youth of our country to participate in sport development. I believe the Canada Winter Games, the Canada Summer Games and sporting activities within the provinces and territories do develop good character among our youth and good physical fitness. They help to train leaders for our society tomorrow and they promote national unity in our country.

In 1973, from August 3 to 12, I had the honour to represent the Province of Prince Edward Island at the Canada Summer Games at New Westminster and Burnaby in British Columbia. I was present for the official opening and for the first week of those games. I left that gathering at New Westminster and Burnaby with a keen commitment to be forever a supporter of amateur sport in this country. Accordingly, I want to congratulate the government for setting up a Ministry of State responsible for Fitness and Amateur Sport.

Although I was unable to be present at the Canada Winter Games in Brandon, Manitoba, I want to congratulate all the athletes who participated in them. I want especially to congratulate the athletes who came from Prince Edward Island and the Atlantic provinces, and the Northwest Territories and the Yukon Territory, because those provinces and territories have relatively small populations and lack proper facilities for training athletes. Therefore, I feel that the athletes from those provinces and territories deserve a little extra congratulation for the tremendous performances they gave.

I should like at this time to praise the achievement of a 19-year old speed skater from Montague, Prince Edward Island, Miss Nancy White. Nancy is the first athlete from Prince Edward Island to win a Canada Winter Games gold medal.

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

● (2120)

**Senator Bonnell:** She not only brought home a gold medal, but she also brought back four silver medals. She has already won a total of 14 medals in national and international speed skating competition this year.

When she had completed her participation at the Canada Winter Games in Brandon, she went on to the Canadian national speed skating competition in Regina and won four more bronze medals. The following week she participated in the North American outdoor speed skating championships in Winnipeg and won five more medals.

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

**Senator Bonnell:** She has been named Prince Edward Island's senior female athlete of the year. To date she has been the recipient of three major sports awards in her native province. I should like to take this opportunity to congratulate Nancy for her wonderful effort and victory at the Canada Winter Games. She has brought honour not only to herself, her family and her home town of Montague, but to all Prince Edward Islanders, and I say: Nancy, we are proud of you.

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

**Senator Bonnell:** Miss White's accomplishments are remarkable because Prince Edward Island has no outdoor speed skating oval. Training facilities for major competition are limited. Our thanks are due to a gentleman by the name of Pete Milburn, a retired bank manager who is keenly interested in sports. He volunteered his time and services to coaching athletes in speed skating, figure skating, softball and baseball at the local school. As a result of that coaching over the past couple of years, Nancy was able to bring home a gold medal from Brandon.

Two other young people from the same school, George Cameron and Kevin O'Brien, who also benefited from that coaching, made an excellent showing in the Games.

In addition to those who bring home medals there are those who volunteer their time and energy in coaching youngsters and who also deserve recognition. Therefore, at this time I would like to express Prince Edward Island's thanks to people like Pete Milburn from Murray River.

The promotion of amateur sport not only encourages the building of good physical and mental health, but it also provides training in leadership, good sportsmanship, and citizenship. Many of the young people who participate in these games will make wonderful leaders in our society of tomorrow.

But, honourable senators, I was rather disappointed to hear the Leader of the Government state in the Senate on Thursday last, that the CBC was not prepared to cover the opening ceremonies of the Canada Winter Games without financial support from Loto Canada.

I believe our national network should make every effort to cover national sports events, such as the Canada Winter Games and the Canada Summer Games in which all provinces and territories participate. Nothing promotes national unity more than our young people meeting together in competition and learning from each other about this great country of ours. I believe it is the duty of our national network to promote national unity, and to allow all Canadians to see their young athletes in action as they participate in these great sporting events.

I am of the opinion that the Canada Winter Games and the Canada Summer Games not only encourage our young people to participate in sport, but they also provide an opportunity for towns like Burnaby, British Columbia, St. John's, Newfoundland, and Brandon, Manitoba, to provide the necessary facilities, which remain as landmarks and enable young people in the area to train for further competition in the years ahead.

In closing, I would like to say that I believe the Senate should, in future, send an official representative to our Summer and Winter Games to report back, as was done unofficially on this occasion by Senator Petten. We would then have an opportunity to recognize and discuss those young Canadians who participate successfully in amateur sport.

On motion of Senator McElman, for Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

## APPENDIX

(*See page 735*)

*Department of Finance Press Release:*

Ottawa, March 2, 1979

Finance Minister Jean Chrétien announced today that the government is establishing new arrangements for the monitoring of prices, profits, compensation and costs. A new organization, the National Commission on Inflation, will be established by Order in Council under the Inquiries Act.

High increases in food prices, high increases in prices of certain other goods, and some rather high recent wage settlements, together with the effects of the depreciation of the dollar, are aggravating the problem of achieving lower rates of inflation.

If our economic potential is to be realized, it is essential that Canadians making price and income decisions exercise a great deal of responsibility. This requires a high public awareness of the economic environment in which price and income developments are taking place. Monitoring will provide informed analysis of general price and income developments as well as of specific price and income decisions that appear to be out of line. Where large increases can be shown to result from special circumstances, it is important that these circumstances be explained publicly so that such increases will not become pattern-setters. It will also be the duty of the Commission to draw other cases of large increases to the attention of the government.

The mandate of the Commission will be:

—to monitor changes in prices, profits, compensation and costs in particular sectors and in the economy as a whole,

—to promote public understanding of the inflationary process and its implications for the economy,

—to identify particular increases in prices, profits or compensation which appear to merit special attention, to consult with the parties concerned, to assess whether the increases are appropriate in the circumstances and, where the Commission deems it advisable, to report publicly,

—where, in the opinion of the Commission, any particular price, profit or compensation decision is likely to be prejudicial to the objective of reducing inflation and maintaining the competitive position of Canadian industries, to report to the government.

The National Commission on Inflation will have powers under the Inquiries Act to require the submission of information, although it is expected that it will be able to obtain virtually all of the information it requires on a voluntary basis.

The Commission will not have power to defer or roll back price or income increases.

The Commission will replace the Centre for the Study of Inflation and Productivity (CSIP). Mr. Chrétien expressed the government's appreciation to the Economic Council of Canada and to CSIP for taking on the government's request a year ago to monitor prices and incomes and for making a significant contribution with a relatively small staff and limited access to information. The goverment believes that the new approach, involving Inquiries Act powers, is incompatible with the mandate of the Economic Council.

Mr. Chrétien has discussed this change in monitoring arrangements with his provincial colleagues. The Commission will consult with the provincial governments at an early stage. It will not inquire formally into price or income decisions by the provincial governments and their agencies without the consent of the provincial government concerned.

There is no restriction of the powers of the Commission to examine and report on the price and income decisions of the Government of Canada and its agencies.

The term of the Commission will expire on June 30, 1980.

The Order in Council establishing the Commission will appoint Mr. Harold A. Renouf as Chairman. Mr. Renouf is the Chairman of the Anti-Inflation Board. Other Commissioners will be named shortly.

It is expected that a number of staff of the new Commission will come from CSIP, some from the AIB and some from other government and private sector sources. The total staff will be under 100.

Mr. Chrétien emphasized that the AIB will continue with its schedule of completing the processing of returns and cases applicable to the pre-December 31, 1978, controls period. It is expected that this process will be completed soon. Mr. Renouf will continue to serve as AIB chairman during this period.

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*Statement by The Committee of the Privy Council:*

The Committee of the Privy Council had before it a report of the Minister of Finance submitting:

That reductions in the rate of inflation are essential to maintain and improve the welfare of Canadians and the effective functioning of the economy;

That the maintenance of the competitive position of Canadian industries is an essential precondition for increasing the production of goods and services for sale in Canada and abroad and providing employment for Canadians;

That increasing public attention is being focussed on increases in prices and incomes that could be prejudicial to reductions in the rate of inflation;

That Canadians making price and income decisions must exercice a high degree of responsibility, in order to ensure that such decisions do not compromise the ability of the economy to achieve its potential;

And that responsible behaviour requires that Canadians be aware of the economic environment in which price and income decisions are taking place and of the circumstances surrounding such decisions that appear to be extraordinary, so that they may make informed judgments as to whether such decisions are justified in the circumstances, bearing in mind the possible consequences for economic performance.

The Committee, therefore, on the recommendation of the said Minister, advise that Mr. Harold A. Renouf of the City of Ottawa, Province of Ontario, be appointed a Commissioner under Part I of the *Inquiries Act* to inquire into prices, profits, compensation and costs in Canada and:

1. to monitor changes in prices, profits, compensation and costs in particular sectors and industries within the economy and for the Canadian economy as a whole, and to publish periodic reports commenting on the reasons for such changes and their implications for the objectives of achieving declining rates of inflation and strengthening the competitive position of Canadian industries;
2. through publication of reports, public hearings and meetings and such other methods as the Commissioner considers appropriate, to promote public understanding of the inflationary process and its implications for the economy;
3. where, in the opinion of the Commissioner, particular increases in prices, profits or compensation appear to merit special attention, to consult with the parties concerned and, following such consultation, to assess the circumstances surrounding such increases in prices, profits or compensation with a view to determining whether such increases are appropriate in the circumstances, and, where the Commissioner deems it advisable, to report publicly with due dispatch;
4. where, in the opinion of the Commissioner, any particular price, profit or compensation decision is or is likely to be prejudicial to the objectives referred to in paragraph (1) hereof, to so report to the Governor in Council.

The Committee further advise:

1. that the Commissioner be designated as the National Commission on Inflation;
2. that the Commission be authorized to adopt such procedures and methods as it may from time to time deem expedient for the proper conduct of its duties;
3. that the Commission be authorized to exercise all powers conferred on Commissioners by section 11 of the *Inquiries Act*;
4. that the Commission be authorized to engage the services of such counsel, staff, clerks and technical advisers as it may require at rates of remuneration and reimbursement to be approved by the Treasury Board;
5. that the Commission be authorized to publish its reports and the results of its studies and investigations under its own authority;
6. that the officers and employees of the departments of the Government of Canada render such assistance to the Commission as may be required for its activities;
7. that the Commissioner be appointed for a term expiring on June 30, 1980.
8. that the said Mr. Harold A. Renouf will be desingated as Chairman of the said Commission.

# THE SENATE

**Tuesday, March 13, 1979**

• (2000)

The Senate met at 8 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

## NATIONAL HOUSING ACT CENTRAL MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

Bill read first time.

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

**Senator Perrault:** Honourable senators, I move, seconded by the Honourable Senator Langlois, with leave and notwithstanding rule 44(1)(f), that this bill be placed on the Orders of the Day for second reading later this day.

**The Hon. the Speaker** *pro tem:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-37 TABLED AND PRINTED AS APPENDIX

**Senator Hayden:** Honourable senators, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of Bill C-37, to amend the statute law relating to income tax, to amend the Canada Pension Plan and to provide other authority for the raising of funds. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker** *pro tem:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of report see appendix.*]

**Senator Hayden:** With leave, I should like to add a few words in explanation of the report.

**Senator Flynn:** You are going to say more than a few words if you are going to read it.

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

**Hon. Senators:** Agreed.

**Senator Hayden:** Senator Flynn has corrected me. I should withdraw the phrase "a few words" because it may take more than a few words, but I will be as sparing with the words as I can and still give sense to what I say.

I appreciate, of course, that a study of subject matter is simply a pre-study of the bill. When the pre-study is presented in the form of a report, such as it has been tonight in connection with the tax bill, the practice heretofore has been that the subject of the report is not debated at this stage because we do not have the bill before the Senate. The report is simply a preparation for a more complete understanding of the bill as and when it comes before us.

On that basis, I want to add some explanatory remarks and highlight some of the subjects dealt with in the bill. The first is quite obvious. Clause 1 of the bill deals with the employment expense deduction. Heretofore the taxpayer was allowed to deduct from his income an amount which was the lesser of $250 or 3 per cent of the income from his office and employment. This amount of $250 has been increased to $500, and the information we had before the committee was that approximately 6,200,000 taxpayers will receive some benefit as a result of this.

So much for what you might call the "goodies." The next item I come to is a minimum maturity age of 60 in connection with registered retirement savings plans. You will note in running through a number of the subjects that I propose to discuss that they deal in some aspect or other with RRSPs or life annuities or life insurance.

In the bill passed last year the idea was introduced of having a minimum age of 60 applicable to registered retirement savings plans. Below that age such a plan could not mature. Last year, in our report to this house, we said that in our opinion this provision would create unnecessary and severe problems for persons who require payment prior to age 60. At page 56 of Bill C-37, subclause 46(5) provides certain exceptions under which an annuitant may mature his plan before age 60. Those provisions are as follows:

> (B) the annuitant or his spouse receives a disability pension under the Canada Pension Plan or a provincial pension plan as defined in section 3 of that Act, or
>
> (C) where the spouse of the annuitant has died, the annuitant receives a survivor's pension under [either plan].

In the course of our study of this bill in committee, and in our examination of the provisions of entitlement to disability pension contained in the Canada Pension Plan, we felt, having regard to the decisions which have been made by the Canada Pension Plan Appeal Board and also the provisions in the act, and the definition, that this was too severe a test to apply to the question of entitlement to a disability pension. For that reason, we studied it from the point of view of determining what other way there might be of dealing with this.

● (2010)

Senator Flynn, during the course of the committee hearings, suggested that possibly the way to deal with it would be to provide generally that any entitlement to disability pension—any ailment or physical condition which would qualify an individual for entitlement to pension—be the criterion.

We found in an information circular issued by Revenue Canada in February of this year a provision that would meet that situation. Under that provision, instead of requiring that the income tax division apply tests to determine whether or not a person wishing to mature an RRSP earlier than age 60 could do so, the criterion would be one's entitlement to a disability pension. In other words, if the condition of disability were of such severity and permanence that the individual was unable to resume his or her occupation, and it was so certified by a medical practitioner, that would be sufficient qualification to entitle the annuitant to mature his or her RRSP earlier than at age 60.

Honourable senators have to remember that the annuitant is dealing with his own money. He has put his money into this RRSP, and in the last year the government has introduced a bill with a provision that he cannot take it out until he reaches age 60. The explanation for this is that the RRSP is part of a retirement plan, and the ability to mature such RRSPs earlier than at age 60 may well have the effect of eroding the effectiveness of the plan.

It was the view of the committee that disentitlement to early maturity would create a hardship on those who became disabled. For that reason, we make this recommendation. If our recommendation is ultimately written into the law, an individual seeking to mature his RRSP before age 60 would have to qualify for entitlement under the Canada Pension Plan or a provincial pension plan. In those cases where the qualifying provisions are too severe, our recommendation would give him a fair and better chance of getting at the money he has accumulated in an RRSP.

It must be remembered that depending on the circumstances under which he may take it out, under which he may mature it, if he takes out the money he is subject to income tax on the amount he takes out; or he may, of course, at that time acquire an income averaging annuity. In that way he delays the heavy weight of taxation on all the money in the fund, and the payments, as he receives them, are the payments that would be subject to income tax.

The next subject matter also concerns RRSPs, under the heading of *Commutation of Benefits at Death*. In our report last year—honourable senators will find this in the report which I have just tabled—we recommended the following in connection with the commutation of benefits at death:

> The Income Tax Act was amended, effective June 30, 1978, to the effect that except where the spouse is the beneficiary, benefits pursuant to an RRSP are commutable at death and the annuitant is deemed to have received the value thereof immediately before death. As a result, the deceased is taxed in the year of death on the fair market value of his RRSP.

We thought that that provision would work hardship, and so we recommended against it in our report last year. We said:

> Furthermore, the proposal may create hardship for the deceased's estate. The beneficiaries receive the proceeds whereas the estate is obliged to pay the tax—and usually at a higher rate than that which would be applicable to the beneficiaries.
>
> It is recommended that in the event the deceased dies without a spouse and the children of the deceased are the beneficiaries of his RRSP, there be no commutation of the RRSP benefits at his death and he not be taxed in the year of death; rather, the children be taxed on the benefits received with the option of deferring tax through the purchase of an income averaging annuity contract.

That was the state of the law in 1978, and those were the recommendations made by your committee, which were critical of the proposals which were passed into law at that time.

Subclause 46(3) of the bill proposes amendments to provide relief in situations where both parents die leaving minor or disabled children. If there is no surviving spouse, the portion of a plan passing to a child or dependent grandchild equal to $5,000 multiplied by the number of years until the child reaches 26 years of age will be included in the child's income—that is, when it is received. Of course, at that time the child may defer paying tax on such amount by purchasing an income averaging annuity contract, and in those circumstances there is no question of tax falling upon the deceased annuitant's estate.

● (2020)

Dependants, of course, are defined in the act as being children and grandchildren. For those who are dependants by reason of physical or mental infirmity, the full amount of the balance of the plan will be included in their income rather than being in the income of the deceased. Again the dependants would have the same option to take an income averaging annuity contract and so defer payment of tax, which would be limited to the instalment of payments which would be received in each year under the plan.

We have certain comments to make on these proposals. We think the consideration of the law in connection with RRSPs is becoming more important in the minds of government, and the position of those who avail themselves of this and attempt to provide in this way for their own later years is being recog-

nized. However, there are still some further things that should be done to expand the methods in connection with the maturity of plans at age 60, the maturity of plans in any event at age 71, and the options that are open at age 71 and would carry through to age 90. All these things are being looked at. In committee there was considerable discussion of this, and we think there is field for more effort.

In that connection, I should tell you that we had before us the Trust Association of Canada, whose evidence was very enlightening. They took an intelligent approach, particularly to the area starting at age 71, the options that are open and the advantages and disadvantages. While the bill itself does not deal particularly with those points, their view is now a matter of record, and we have perpetuated it by putting it in our report so that it will come to the attention of the government. We feel that, while there has been some favourable development in the way in which the rights of annuitants under RRSPs have been recognized, there is still much more to be done.

The next subject I want to touch on for a moment is that of life annuities. This subject is dealt with in our report at pages 19 to 21, and has to do with clause 50 of the bill. It is proposed that after 1979 interest income accumulated and realized on any lump sum or other payment under a life annuity contract be included in the taxpayer's income. Our chief complaint about this provision was that it had a retroactive feature. In other words, with this change in the law, these lump sum payments at maturity became fully taxable, whereas under the existing law they are not.

It is the view of your committee that a person be entitled to proceed under the law as it existed at the time the budget was announced. This enabled a person to secure a life annuity with payments suitable to him and with maturity dates upon which he decided, as long as it could not be found that he schemed in some way to abuse the provisions of the Income Tax Act. I will deal with that in a moment. It is the basis of our recommendation that the retroactivity should not exist.

The departmental representatives who appeared before the committee told us of some abuses—abuses because of the way in which the law was framed. One example of abuse was that certain persons contracted for annuities with maturity at age 105. Of course, to get the result of that under the then existing law, they would have to establish that no moneys were taken out in that period. If that were the case, the income would be taxable. However, it must be realized that not all annuitants could achieve the age of 105. Therefore, under the existing law, if the plan matured by reason of death before the age of 105, and no moneys were taken out, the lump sum payment which would develop as a result of that maturity would not be taxable.

Obviously, there is something wrong in allowing that sort of benefit to taxpayers. In the view of the committee, it was like swatting a fly with an elephant, when all that had to be done was really to establish by law what would be the standard or normal life expectancy.

[Senator Hayden.]

The committee heard testimony from various doctors and insurance people indicating that the normal life expectancy is age 82, 83 or 84. The departmental officials said that those who availed themselves of this age 105 provision could not look forward to such a life expectancy simply on the basis of having contracted for a life annuity to age 105. Of course, in the meantime, the only thing that would be taxed on the way through from the writing of the contract to its maturity would be the interest element in those payments that would be made if it were the kind of contract providing for instalment payments. There would be mixed interest and capital, and the interest element would, of course, be subject to income tax.

● (2030)

The next item I would like to speak about for a moment is an amendment that was introduced last year to the Income Tax Act dealing with the adjusted cost basis of life insurance policies, and the situation that developed. The view of the department, as stated before us on many occasions, has been that the interest paid on policy loans is not true interest, and therefore there was a proposal at one stage to disallow that interest as a deduction because, as they said, all the policyholder was getting was an advance payment on his equity in the policy. They said that there was an interest in the policy, namely, the cash surrender value, and that this was an advance payment. What do you do, however, if the policyholder physically pays interest on his policy loan, and where do you account for that? The way the law was stated was that the policyholder is not entitled to deduct the interest, and that he is not entitled to deduct the interest that went back further than 1978. The explanation given by the departmental officers before your committee for that provision was that the insurance companies would not have records of the interest payments prior to 1978.

The view of your committee—and this was our recommendation last year as well as again this year—is that if the taxpayer can establish to the satisfaction of a court, or in any other circumstances, that he has made these payments, he should be entitled to add them to the adjusted cost basis of his policy. This is denied in the bill before us; that is to say—if I may use my own language to paraphrase the bill—that no matter what you do, and no matter what evidence you adduce, you are not entitled to add to your adjusted cost basis interest earned prior to 1978.

Our position last year, and again this year, has been that, as a general principle, if the taxpayer can establish *bona fide*—and he may even have his cancelled cheques, whether the insurance company records are produced or not—showing that he paid this money, then he should be entitled to add it to his adjusted cost basis when the time comes to determine what gain he has made on the proceeds of the policy, and that he may receive at some future date. This is another of our recommendations.

There are a number of other items that might be regarded as highlights in the bill, but I do not want to go into a detailed analysis of the bill, and I think that with perhaps one other reference I will call it a night.

The reference I have in mind is to a heading that I will give you as *Interest on Funds Borrowed to Purchase Annuities*. There is a general principle of law, which even the income tax authorities acknowledge, to the effect that interest on money borrowed to earn income is deductible, and in the same way interest on money borrowed to purchase a life annuity should be deductible. The position of the taxpayer heretofore has been that he was entitled to deduct interest on money borrowed to earn income from business or property, thus enabling him to deduct interest on money borrowed to purchase annuities, but subclause 7(3) of the bill, on page 4, provides that for 1978 and subsequent taxation years the taxpayer's only entitlement is to deduct interest paid on money borrowed before 1978 to purchase an annuity before 1978—and that is the only right that this clause would leave him—if the annuity payments commence no later than the date on which the annuitant becomes 75. The right must therefore be in relation to a life annuity contract which matures no later than age 75.

The difference between the bill and the attitude of your committee is as follows: The bill says that for 1978 and subsequent taxation years a taxpayer is only entitled to deduct interest on money borrowed before 1978 in order to purchase an annuity before 1978, so they have blocked out that period. The transactions, the payment of interest and the acquisition of a life annuity must all happen before 1978, but interest on money borrowed after that time is not susceptible to the same treatment of deductibility.

What the witnesses who appeared before us had to say was that the interest should be deductible at all times. It is difficult to follow the logic as a result of which you block a period before 1978, saying that in that period the right to deduct interest on borrowed money, if the money is borrowed to earn income, will be recognized, and the answer to that is that on and after 1978 that principle no longer applies.

● (2040)

The explanation of the department was simply this: They said, "if we permit deductibility of this interest throughout where a person borrows money in order to contract for a life annuity, and the maturity date is, say, 75, there are many years of tax deferral, and that is too long a time." I suppose the answer, if I may paraphrase it, is that on that basis the government will have to wait too long for their money. They would appear to be prepared to abandon that rule of general application, that interest on borrowed money is deductible, where that borrowed money is used to earn income. They abandon that principle, which I thought was enshrined in the taxation laws, and they impose this limit in order to compel an earlier payment of tax on the interest, or the equivalent of payment of tax with respect to the non-deductibility of the interest.

Honourable senators, there are other items in the report, but I am not going to weary you with them tonight. However, I should like to emphasize again the very valuable contribution which the Trust Companies Association of Canada made. Page 44 of the report states:

> The recommendations of the Trust Companies Association of Canada do not relate to Bill C-37. However, your committee considers their recommendations to have merit and feels they should be given consideration by the Minister.

I may tell you that they were very pertinent recommendations that dealt particularly with the area of options that they thought should exist for the benefit of the annuitant as and when his RRSP matured at age 71 and he has to find his way through an income-averaging annuity from 71 to 90. The scale of payments for that period of time, of course, will depend, to some extent, on the interest earned over that period of time. Furthermore, the scale of annual payments to the annuitant ranges on an elevating scale depending, of course, on the accumulation of income of interest in the supporting fund. I am sure, to any government department dealing with this subject matter, this was very useful information because it came from very knowledgeable people—people who are dealing with this situation almost daily.

Having said that, and having taken perhaps longer than I felt I was entitled to, and certainly having greatly exceeded my original statement—which I am glad I amended—that I was going to say "a few words," this is as far as I am going to take it tonight.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### SIXTH REPORT OF COMMITTEE TABLED

**Senator Riley:** Honourable senators, on behalf of Senator Forsey, I have the honour to table the Sixth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, as follows:

Tuesday, March 13, 1979

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

Sixth Report as follows:
(Statutory Instruments No. 7)

1. In relation to its permanent reference, section 26 of the *Statutory Instruments Act*, 1970-72, c. 38, your Committee has determined to draw the attention of the Houses to

SI/79-20—Postmaster General Authority to Prescribe Fees Order

SOR/79-159—Domestic First Class Mail Regulations, amendment

SOR/79-161—Second Class Mail Regulations, amendment

The purported effect of these three instruments is to increase the rates of postage for letters of sixteen ounces or less posted in Canada for delivery in Canada and for Canadian newspapers and periodicals transmitted by mail

in Canada for delivery in Canada despite the fact that Parliament has set the rates of postage for such items in explicit terms in sections 10 and 11 of the Post Office Act.

2. These three instruments purport to have the same legal effect as that claimed for SI/76-101, Postmaster General Authority to Prescribe Fees Order; SOR/76-552, Domestic First Class Mail Regulations, section 6; SOR/76-553, Second Class Mail Regulations, amendment, Items 1 and 2, Schedule A; SI/78-60, Postmaster General Authority to Prescribe Fees Order; SOR/78-297, Domestic First Class Mail Regulations, amendment; and SOR/78-298, Second Class Mail Regulations, amendment, which having been objected to by your Committee, were drawn to the attention of the Houses in your Committee's Third Report for the 1976-77 Session and its Fourth Report for the 1977-78 Session.

3. Your Committee deplores the persistent defiance of Parliament by the Crown in the setting of postal rates. Your Committee's objection to the way in which the Crown has proceeded in 1976, in 1978 and again in 1979 is based partly on *vires*, since the Post Office Act is a special Act (and prior to the Post Office Act as regards the letter rate), relating to services and facilities which your Committee is sure Parliament never thought would include the Canadian postal system. The validity of the Crown's actions under section 13 of the Financial Administration Act has been upheld at first instance in the Federal Court. Your Committee's objection is, however, also based on the unusual and unexpected use by the Crown of section 13 of the Financial Administration Act to intrude into an area Parliament has always hitherto reserved to itself. It was on this basis that your Committee drew the special attention of the Houses to the instruments purporting to effect the 1976 and 1978 rate increases in its Third Report for the 1976-77 Session and its Fourth Report for the 1977-78 Session. That latter Report was concurred in unanimously by both Houses.

Respectfully submitted,

Eugene A. Forsey
*Joint Chairman*

Honourable senators, pursuant to rule 78(3) I move, for Senator Forsey, seconded by the Honourable Senator Connolly (Ottawa West), that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate. I make this request on behalf of the joint chairman, Senator Forsey, who is involved in an important committee meeting tonight.

Motion agreed to.

**Senator Guay:** Honourable senators, I should like to ask whether the reports that have been presented to this chamber this evening are in both official languages.

**Senator Hayden:** The report of the Banking, Trade and Commerce Committee is in both official languages.

[Senator Riley.]

**Senator Riley:** And the report of the Standing Joint Committee on Regulations and other Statutory Instruments is also in both official languages.

**Senator Guay:** Thank you.

## INCOME TAX

### REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-37

**Senator Grosart:** Honourable senators, we are perhaps proceeding with a little more expedition than is necessary under the circumstances because it was my intention to direct a question to Senator Hayden relating to the report of his committee which he has just tabled.

My question refers to the very interesting statement that draft regulations, under parts of the bill, were made available by the minister prior to the passage of the bill. Would the chairman of the committee care to comment on the extent to which these draft regulations cover the whole purpose of the bill, or do they relate merely to the small business section? If so, is this a policy which, in the opinion of the chairman of the committee, should be encouraged in the presentation of all bills? In other words, when a bill is presented to Parliament, we should, in all cases, have a draft of the regulations. This is a suggestion that has been made from time to time in this chamber.

**Senator Hayden:** I think the matter of demanding regulations where they are referred to in the bill has almost reached the stage of a matter of policy so far as the Standing Senate Committee on Banking, Trade and Commerce is concerned. One of the departmental officials who appeared before us accounted for the early delivery of the regulations this time by saying they were fully aware of the attitude of the committee and its refusal to go too far in its consideration of a bill if parts of the bill were dependent on regulations that were not produced. I think you can take that as an attitude of the committee. Perhaps it should be enshrined in the law. I don't know how we can incorporate it in our committee procedure, unless we establish some rules and guidelines for the conduct of committees. I would certainly support that.

As far as these regulations are concerned, they deal mainly with small business. I had intended to deal with small business tonight, but I did not do so because I saw how time was running along. It is not that I was not ready to—I am still ready to—but that is the reason I did not deal with it.

**Senator Grosart:** My understanding is that this is the first time, in relation to this kind of a bill, that the minister has tabled a detailed ways and means motion. Is this again at the urging of the committee?

**Senator Hayden:** Let me answer you in this way: This is not the first time a minister has produced regulations in connection with our study of a bill. In connection with our study of the subject matter of Bill C-37—

**Senator Asselin:** Is this a debate? I rise on a point of order, honourable senators. I should like to know if this is the time

for a debate of the report that has been tabled by Senator Hayden. I don't know if this is a period for questioning or a period for debate. I should like to know the views of His Honour the Speaker on this.

**The Hon. the Speaker** *pro tem:* I quite agree with the Honourable Senator Asselin that these questions, as of now, are out of order. I should have imagined that probably later on Senator Grosart would have asked leave to ask questions.

• (2050)

On the other hand, I think Honourable Senator Asselin is right, and those questions are out of order as of now.

**Senator Grosart:** Honourable senators, it is far from me to question a ruling of the Chair, especially from such a distinguished incumbent, but my understanding was that leave had been granted to the chairman of the committee to comment on the report and, therefore, a debate had started. Under our rules, it is my understanding that a debate starts when any comment is made, but I may be wrong on that.

It would certainly be, I think, the first time—and again I am not questioning the ruling—that a question arising from the debate originated by the chairman of a committee has been ruled out of order. Surely, if my questions are out of order, the comment by the chairman is out of order because he asked leave to institute a debate. That is as I understand the rules, but I may be wrong.

**The Hon. the Speaker** *pro tem:* I do not know if honourable senators understood me, but when Honourable Senator Hayden rose I asked if he had leave to give some explanation. After he had given his explanation there was a motion by the Honourable Senator Riley. After the motion of Honourable Senator Riley was adopted, Honourable Senator Grosart rose. I do not think that was the right time for Honourable Senator Grosart to ask questions on the subject developed by Honourable Senator Hayden.

It is my view, as I said before, that Honourable Senator Grosart can rise later and ask leave to ask questions following the explanation given by Honourable Senator Hayden. That is my reason for intervening. Because a point of order was raised by Senator Asselin, I had to make a decision.

**Senator Grosart:** Of course, I accept the decision of the Chair.

I should point out that I did say that I would have risen immediately after Senator Hayden had resumed his seat but no opportunity was given by the Chair at that particular time for any honourable senator to rise and ask a question.

**The Hon. the Speaker** *pro tem:* I am sorry, but I did not hear the honourable senator. Nevertheless, I think everything will be in order now.

**Senator Bosa:** Honourable senators, on the same subject, may I put a question to Senator Hayden for the purpose of clarification? I too intended to ask him a question, but the speediness of Senator Riley prevented me from doing so.

**The Hon. the Speaker** *pro tem:* I think the honourable senator should wait until later. There is much business before the house tonight, and I feel that the question should have been asked when Honourable Senator Hayden resumed his seat. I am sorry for Honourable Senator Grosart but, as I told him, if he did ask permission I did not understand him.

That is my ruling. It seems that some honourable senators are not in agreement. Perhaps the honourable senator could ask his question later.

**Senator Bosa:** I will ask Senator Hayden privately.

## LEGAL AND CONSTITUTIONAL AFFAIRS

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a) moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, March 14, 1979, and that rule 76(4) be suspended in relation thereto.

The request for this motion was made by the chairman of the committee. As honourable senators no doubt know, the chairman of the committee, according to a unanimous decision of the committee on this referendum legislation, has invited the provincial attorneys general to appear before the committee or make written representations to the committee.

A few days ago a letter from the Attorney General of British Columbia was received. He did not ask to appear in person before the committee, but he made representations in writing, and the committee this afternoon decided to invite the Minister of State for Federal-Provincial Relations to make his views on these representations from the Attorney General of British Columbia known to the committee.

The only time available for the minister to appear before the committee is tomorrow afternoon at 3 o'clock, and this is the reason behind this motion.

**Senator Flynn:** I am very much in agreement after what happened last week.

Motion agreed to.

## AGRICULTURE

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

**Senator Langlois,** with leave of the Senate and notwithstanding rule 45(1)(a) moved:

> That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, March 14, 1979, and that rule 76(4) be suspended in relation thereto.

I would like to add a word of explanation at this stage. This committee is to sit only at 4 o'clock tomorrow afternoon. At the request of the chairman of the committee, we are asking

for permission to sit while the Senate is sitting, but it is not expected that the Senate will be in session at that time tomorrow afternoon. Outside witnesses have been invited to appear before the committee, and this is the reason for adopting this procedure.

If the Senate is still in session, the chairman would not mind if the committee is delayed a few minutes after 4 o'clock in order not to inconvenience honourable senators.

Motion agreed to.

## PENSIONS

### REPORT OF SPECIAL INTERDEPARTMENTAL TASK FORCE—QUESTION

**Senator Haidasz:** I should like to ask the government leader whether the report of the Special Interdepartmental Task Force on Pensions has been received by the cabinet and whether it is the intention of the government to make it public and, if so, when we can expect it done?

**Senator Perrault:** Honourable senators, I take the question as notice.

## FISHERIES

### ADVERSE PUBLICITY OF SEAL HUNT—QUESTION

**Senator Bosa:** Honourable senators, in view of the adverse publicity the seal hunt has received in Canada and many other countries, with Canadians portrayed as being insensitive to the environment and showing disregard for the possible extinction of an animal species, are the Governments of Canada and Newfoundland prepared to present the facts so that Canadians may be apprised of what is really happening?

● (2100)

**Senator Perrault:** Honourable senators, far be it from me to attempt to speak on behalf of the Government of Newfoundland. However, I understand that there has been developed by the federal government an informational program on the subject of the seal hunt.

I shall take the question as notice and endeavour to obtain current information with respect to the extent of that program. I, along with many other Canadians, feel that some of those who criticize the seal hunt are doing so without being acquainted with the facts. Indeed, some of these critics come from abroad, countries where there has been a decimation of certain species of endangered wildlife—authentic threats which might more usefully command their primary concerns.

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

## OFF-TRACK BETTING

### STATEMENT OF MINISTER OF AGRICULTURE—QUESTION

**Senator Sparrow:** Honourable senators, I have a question for the Leader of the Government relating to a question asked yesterday by Senator Flynn in connection with a statement by the Minister of Agriculture pertaining to off-track betting. As was admitted by the Leader of the Government, the question was not fully answered.

If the statement attributed to the Minister of Agriculture is correct, I would consider it an embarrassment to the Leader of the Government in this chamber, who would appear to have been misled—

**Senator Flynn:** That is not easy.

**Senator Sparrow:** —by the Minister of Agriculture. The Leader of the Government, in responding to Senator Flynn's question, said:

> —first of all, I do not have available to me at this time the complete statement attributed to the minister, and it would not be fair to render any kind of judgment on such a statement if, indeed, such a statement was made in the terms expressed by the Honourable Leader of the Opposition.

Has the Leader of the Government had an opportunity to review the complete text of the statement attributed to the minister, and can he now take away any of the sting of embarrassment caused by that statement both to this chamber and to himself?

**Senator Perrault:** Honourable senators, let me say at the outset that I may have a different perspective, but I feel neither aggrieved nor insulted because the Minister of Agriculture, in his usual outspoken and unique fashion—

**Senator Flynn:** That is what I said.

**Senator Perrault:** —has chosen to offer certain comments on the subject of off-track betting. I would be willing to wager—perhaps that is the wrong way to put it; but may I speculate that the Minister of Agriculture, as I said yesterday, spoke as an individual and his comments must be viewed in that light.

He did send a note to me yesterday afternoon stating that he looks forward with great anticipation to the objective study which he knows the Senate will undertake on the subject of off-track betting.

I hardly think it necessary to say that there is a great diversity of private opinion to be found among members of Parliament, including members of cabinet. Like everyone else, the Minister of Agriculture is entitled to his own views on any given subject. I think the significant fact is that he has not attempted to impose his own personal views on the subject of off-track betting. He has not attempted to impose his personal views, through legislation in the Parliament of Canada, on the Canadian people. I do not think he can be criticized for the comments he is alleged to have made.

**Senator Grosart:** He just got his foot stuck in his mouth.

**Senator Sparrow:** Honourable senators, I apologize for rising again, but I do not think I have had an answer to my question.

The Leader of the Government, in replying to Senator Flynn yesterday, said he did not have the complete statement of the

minister, and I am wondering if he now has that statement. If not, I would ask him to undertake to place it before us tomorrow, or as soon as he can get the complete statement. I think it is very important that this chamber be provided with the complete statement of the minister.

**Senator Perrault:** Honourable senators, I do not have the text of the minister's remarks. Indeed, it may be that no text was issued. I rather think the comments in question were random comments. The Minister of Agriculture has been known in the past to make random comments on a wide range of subjects, including the Senate. He very frequently makes such statements without the issuance of formal press releases. It may be that no text is available.

The matter is under review, and I will attempt to obtain that statement.

**Senator Sparrow:** I thank the Leader of the Government. Let me say that I will be very upset if it turns out that this chamber made the decision to refer this whole question of off-track betting to a committee of the Senate simply because the Minister of Agriculture is prone to making random statements and random requests of the Leader of the Government in this chamber.

**Senator Langlois:** Question!

**Senator Sparrow:** I have asked my question.

**Senator Perrault:** Honourable senators, I think the issue is a bit overblown. Other politicians, including some in the party to which I hold loyalty, make statements from time to time which may not be necessarily in exact accord with party or government policy at a particular time. That happens in the normal course of events in politics. Why, it is known to occur from time to time in the great historical party represented across the way from me.

**Senator Flynn:** Never!

**Senator Sparrow:** I do not wish to prolong the discussion, but my further question is whether it is normal for members of the cabinet to make such statements. The Leader of the Government, being a member of the cabinet, might be able to answer that question.

**Senator Flynn:** I think he is of the same kind, an endangered species.

## PARLIAMENT

### DISTRIBUTION OF LAPEL PINS TO MEMBERS OF THE HOUSE OF COMMONS—QUESTION

**Senator Guay:** Honourable senators, I have a question for the Leader of the Government in the Senate in relation to lapel pins that were distributed to members of the House of Commons earlier today by the Speaker of the House of Commons, the Honourable James Jerome. The lapel pins are round and are made of silver. They have a maple leaf background and a gold mace depicted on them.

In view of the fact that honourable senators are also members of Parliament and are, in my opinion, equal to members of the House of Commons, I would ask the Leader of the Government to look into the possibility of identical or similar pins being distributed to members of this place.

**Senator Langlois:** We are not equal. We are on top.

**Senator Perrault:** Honourable senators, I do not know whether these buttons are available to honourable senators, but the question will be taken as notice. However, I am wondering what happens when members of the other place lose their buttons. Is there a replacement fee?

**Senator Guay:** To answer the Leader of the Government, if they lose their buttons, they have to pay a considerable fee to get a second one.

**Senator Denis:** I have a supplementary question. I have in my hand a pencil with the words "House of Commons" on it. This pencil is given away in the other place. Perhaps we could be provided with pencils with the word "Senate" printed on them.

**Senator Perrault:** Honourable senators, I would not like to see the Question Period become a discussion devoted in any great measure to buttons, trinkets, pencils and novelties. I am sure that the Internal Economy Committee will consider, in an appropriate fashion, the comments that have been made.

[*Translation*]

## SPORTS

### PROPOSED NHL AND WHA MERGER—QUESTION

**Senator Asselin:** Honourable senators, my question is directed to the Leader of the Government. For some time now there has been talk of a merger between the NHL and WHA hockey clubs. In this connection, in a pre-election statement, the government promised Quebec City and the city of Edmonton $5 million to enlarge their arenas if the two leagues are merged into one. Now, we heard recently, following a meeting of the directors of both leagues, that their idea of the proposed merger has been set aside.

**Senator Langlois:** The matter has not been settled yet.

**Senator Asselin:** Wait till I finish my question. It seems that the directors who were most opposed to that merger were the owners of the Canucks hockey club of Vancouver. It has been reported that Montreal followed suit, that is Molson Breweries of Montreal who own the Canadiens. If there is no merger, will the government honour its promise of a $5 million grant to the cities concerned to enlarge their arenas? If this were not justified, could the $5 million promised to Edmonton and Quebec City be granted the minor leagues to help amateur hockey in Canada?

• (2110)

[*English*]

**Senator Perrault:** Honourable senators, I understand this evening that again there is some indication that there may be an expansion of the NHL to include Canadian cities. I under-

stand there have been discussions in Toronto this day on the subject of expansion and there are indications that these meetings have been productive. Beyond that I am not prepared to offer comments.

It should be pointed out, however, that the reported opposition to expansion of at least Montreal and Vancouver—

**Senator Asselin:** Vancouver first.

**Senator Perrault:** No. I think the record should be put straight, because I think that certain unfair comments may have been made about the attitude of the Montreal Canadiens and the Vancouver Canucks hockey teams. From reports, I understand that the draft proposal brought in for discussion by the NHL owners the other day had been revised somewhat the preceding evening. It is reported that the entry terms brought forward were far more stringent than had been agreed to in meetings the previous day. I understand that two Canadian franchises—Vancouver and Montreal—insisted that the WHA teams should not be brought in on a poor relation basis and literally forced to enter the league as second-class members. In any case, the facts ultimately will spell out the truth of the situation. I believe they may show that the Canadian owners of the Vancouver and Montreal NHL franchises have indeed been constructive proponents of further NHL expansion into Canadian cities.

The facts will show, ultimately, I believe, that some of the harsh judgments that have been rendered in recent days may have been unfair. I happen to know one of the Canadian negotiators involved in the discussion of NHL expansion, and I know that his attitude throughout has been extremely realistic and positive. His view is that these new Canadian entries should be welcomed on terms that are fair both for the cities seeking entry and for the league itself.

[*Translation*]

**Senator Langlois:** Honourable senators, if I may add a word to the answer of the leader, I wonder if my honourable friend Senator Asselin heard Mr. Jacques Courtois last Saturday on Hockey Night in Canada. He explained why the Montreal Canadiens and other Canadian teams had rejected the expansion of the National Hockey League to include teams of the World Hockey Association, stating that the refusal was due to the fact that the American clubs wanted to share with Canadian clubs the television revenue in Canada. This was the main reason for the refusal of Canadian clubs. I think that aspect should not be forgotten because Mr. Jacques Courtois, being the president of the Canadian hockey club, knew what he was talking about.

**Senator Asselin:** I rise on a point of order, honourable senators, because I particularly want to know whether the pre-election promise to give $5 million to Quebec City and Edmonton still holds or, if the merger does not occur, will that promise be forgotten? On the other hand, has such a sum been paid to other amateur hockey organizations to promote hockey in Canada? However, if the government decides to give $5 million to Quebec City and Edmonton, would it not be time for the Canadian government and the Minister of State (Fitness and Amateur Sport) to intervene in that matter and settle the problem of the merger of both leagues and other related matters. If the government undertakes to give $5 million because of its concern about the matter, is it only an election promise or is the government really interested in making progress?

[*English*]

## FITNESS AND AMATEUR SPORT

### GRANTS TO MUNICIPALITIES—NATIONAL HOCKEY LEAGUE FRANCHISES—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, in answer to a question asked by Senator Molson, I am prepared to make a short statement at this time on the subject of NHL franchises. The first part of the question was:

> 1. Are the four cities of Winnipeg, Hamilton, Quebec City and Edmonton the only cities to be considered for a grant of several million dollars?

The four cities that have been promised support for the development or renovation of their arenas have been actively engaged over the past year in negotiations to secure NHL franchises. Hamilton only recently indicated an interest in this area. It was necessary to reply at this time to those cities attempting to secure NHL franchises because of the meetings that are being held with the NHL expansion committee—I understand that a meeting has been under way today in Toronto—which indicated that a decision on expansion could be made in the near future. One of the major criteria required by the NHL relating to franchises is that arenas be available with minimum seating capacities of 15,000. If these Canadian cities are not able to show in their applications that seating or plans with available funding are available, then they cannot be considered for these franchises.

> 2. If so, does that not discriminate against any other city which might expect to work towards entry into the National Hockey League?

In the future any city that could work towards an NHL franchise would be given the same consideration. Again, at this time only the cities mentioned have indicated any interest in bidding for NHL franchises.

> 3. Will the government give equal treatment to Toronto, Vancouver and Montreal, cities which previously financed their own arenas at great cost?

Financial consideration was given to Vancouver when they built the Pacific Coliseum. Money was made available for municipally owned arenas but would not be available for Toronto and Montreal where they are owned by the private sector.

> 4. In view of the financial losses to be expected in the cities mentioned for capital grants, has the government given any undertaking to provide annual subsidies to the operations so that the thousands of people who build their hopes and pride on those franchises will not be misled and bitterly disappointed?

Because the arenas in Quebec, Winnipeg, Edmonton and the proposed one in Hamilton are municipally owned, and because the mayors in each of these cities is supporting the proposal, it is assumed that operational costs have been responsibly examined as they relate to those municipalities. In addition, the government, in making the offer to these cities, has stipulated that they will be available only if an NHL franchise is secured. That appears to be at least a reasonable prospect, I understand, as a result of today's meeting. This recognizes the importance of having a major tenant in a building this size to assist in defraying the operating costs to the community.

It should be added, however, when honourable senators talk about amateur sport, that federal government funds are available for other cities and areas which are successful in hosting international events and events of national significance. The Olympics in Montreal, and the Commonwealth Games in Edmonton, have left those cities with very high-class sports facilities. Vancouver is currenty interested in hosting international games and the federal government would make available one-third of the cost of providing suitable facilities. Groups in Calgary are going after a future Winter Olympics, and they might also qualify.

There have been complaints that these funds could be better spent on community sports projects. At a meeting of recreation ministers from across Canada earlier this year the provinces made it clear that they wanted the federal government to recognize that it was the provinces that had the primary responsibility for community recreation. The federal government has recognized this request.

• (2120)

While on the subject of sports, let me say that many senators will have watched recent events at the Canada Winter Games at Brandon with a great deal of interest and pride. Thanks to the Ministry of Fitness and Amateur Sport, more Canadians are enjoying more sports than ever before.

## NORTHWEST TERRITORIES ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Adams for the second reading of Bill C-28, to amend the Northwest Territories Act.

**Hon. Paul Yuzyk:** Honourable senators, first of all, I wish to congratulate Senator Willie Adams on his maiden speech, which he delivered last evening as the mover of the motion for the second reading of Bill C-28.

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

**Senator Yuzyk:** As a member of the Northwest Territories Council for several years, he explained very lucidly the need for broader representation of the native peoples and various areas, many very remote from Yellowknife, the capital of the Northwest Territories.

From Senator Adams' experience in Rankin Inlet we have a better understanding of the problems of the government of vast expanses inhabited by small numbers of native peoples and whites scattered in pockets, often isolated, far from each other, and with poor communication and poor transportation. The Inuit—that is, the Eskimos—Indians and Métis speak different languages, have different cultures and practise a different way of life from the whites, who have settled mainly in the larger centres. It is obvious that the task of the administration of the Northwest Territories is complex and difficult. The purpose of this bill is to provide for better representation on the Council, headed by a commissioner appointed by the Minister of the Department of Indian Affairs and Northern Development in Ottawa.

Clause 1 provides the Commissioner in Council of the Northwest Territories with the power to make ordinances:

> —to increase or decrease the number of members of the Council but the number shall not be fewer than fifteen or greater than twenty-five.

This will bring the Northwest Territories into line with the Yukon, which has had this power since 1974.

Clause 2 of the bill merely validates an ordinance passed by the Commisioner in Council last October 27, in anticipation that this bill would be enacted before the term of the Council expires on March 31 of this year, which is the end of this month. The Council's amending ordinance describes 22 electoral districts, an increase of seven over the present Council of 15 members. This bill would give retroactive approval of that ordinance.

Because of the procrastination of the federal government, members of the Territorial Council came to Ottawa just prior to Christmas to prod the Minister of Indian Affairs and Northern Development into accelerating the passage of Bill C-28. The minister finally proceeded with the second reading on February 16, asking the other house to pass the bill through the three stages that day. The New Democrat Party refused this plea of the minister and the bill went to committee. It was reported back on March 8 without amendment, was read the third time and passed by the other house without further debate.

Honourable senators, the charge being brought about by this piece of legislation was forced on the government by the Council of the Northwest Territories, which passed an ordinance on October 27 last. It was obvious to the members of the Council, as it should be to us, that this vast sparsely populated territory could not be fairly and adequately represented by only 15 members. Thus, the territory was divided into 22 electoral districts, adding seven more members to the Council and giving more representation to the native Inuit, Indians and Métis. This has been long overdue. Accepting this measure as a right step in the right direction toward self-government and eventually provincial status for the Northwest Territories and the Yukon, we on this side of the chamber fully endorse this legislation. We see no need at this time for this bill to go to committee, and give approval for its speedy passage.

I would be remiss, however, if I did not say something about the future of these northern territories. The Northwest Territories form about 35 per cent of Canada's total area—greater

than the combined area of Quebec, Ontario, Manitoba and Saskatchewan—and the Yukon is equal in area to the four Atlantic provinces. Together, these northern territories form 40 per cent of the land area of Canada. Geological surveys have indicated that Canada's northern territories are potentially extremely rich in mineral deposits, oil and gas, the exploitation of which will greatly improve the economy of our country.

The northern pipeline, as senators know, is now in its final planning stage. Construction should commence in the very near future, and its cost is estimated at over $42 billion—almost as much as the total federal budget. This involves the settlement of land claims and the rights of the native peoples. Although the population of this vast region is small and sparse—probably around 75,000 inhabitants—the construction of the pipeline and the expanded operation of mines will greatly increase the number of people there. Canadians coming from the south will undoubtedly demand self-government and provincial status before very much time passes.

This was foreseen by the Special Joint Committee of the Senate and of the House of Commons on the Constitution of Canada, jointly chaired by Senator Gildas Molgat and Mark MacGuigan, M.P., which, after hearings across Canada, including the northern territories, tabled its report in 1972. The following recommendations were submitted:

> 69. The objective of Government policy for the Yukon and the Northwest Territories should be the fostering of self-government and provincial status.
>
> 70. The provisions of the British North America Act, 1871, section 2, which provide for the admission of new provinces by action of the Federal Government alone, should be continued, provided that no territory should become a province without its consent.
>
> 71. The Yukon and the Northwest Territories should each be entitled to representation in the Senate.

To the credit of the government, the last recommendation was implemented, and now one representative for each of these territories sits in this chamber—Senator Paul Lucier since 1975, and since 1977 Senator Willie Adams, who introduced Bill C-28. However, the aforementioned joint parliamentary committee recommended the appointment of two senators for each territory. Under the constitutional rule that a province cannot have fewer members in the House of Commons than the Senate, it would lead to an increase in the number of members of Parliament, and thus give better representation for each of these territories. This would vastly improve communications between Ottawa and these territories at the parliamentary level, which is highly desirable at this time of tremendous economic developments in the north.

● (2130)

Honourable senators, although larger representation on the Territorial Council will surely be of some benefit to it in discharging many of its responsibilities, if additional powers are not granted soon it will invariably lead to trouble, frustration and deadlock. Canadian citizens living in northern Canada should have the same rights and roles in government as the residents of the provinces. It is not enough to grant more representatives; they must also be granted additional powers resulting in responsible government.

[Senator Yuzyk.]

The recommendation of the Special Joint Committee on the Constitution of Canada, that the Yukon and the Northwest Territories should receive self-government and eventually provincial status, must be considered seriously and gradually implemented. Our citizens in northern Canada will not tolerate colonial and second-class status for long. They must be assured that the government is taking concrete steps to bring the northern territories gradually into line with the provinces in all respects.

Bill C-28 should be regarded as a stepping-stone towards that goal. Sooner or later the Councils of these territories will be demanding to be converted into legislative assemblies. One thing for certain is that their governments will have little difficulty in raising sufficient taxes. The development of the rich resources will provide more than adequate revenue for governments to promote a high standard of living for the citizens.

The senators and members of Parliament representing these vast regions have a just cause to fight for in the Canadian Parliament. As a member of the Special Joint Committee on the Constitution of Canada and a member of the Special Joint Committee on Immigration, I visited the Northwest Territories and the Yukon Territory in 1971 and 1975 where, at the hearings, I raised and discussed the issues of responsible government and provincial status for these regions and found that the witnesses were preponderantly in favour. As a member of the Special Senate Committee on the Northern Pipeline, I am keenly interested in the development of self-government in the Canadian north.

I am sure that many members of the Senate and the House of Commons will support efforts to achieve this goal. We are looking forward to our two colleagues, Senator Willie Adams and Senator Paul Lucier, to be strong advocates of the rights of the peoples of the territories, who have in many ways been neglected by the federal government and Parliament.

Motion agreed to and bill read second time.

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

**Senator Adams:** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## BANKRUPTCY BILL, 1979

### SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hayden, seconded by the Honourable Senator Laird, for the second reading of the Bill S-14, intituled: "An act respecting bankruptcy and insolvency".—(*Honourable Senator Langlois*).

**Senator Langlois:** Honourable senators, I yield to Senator Hayden.

**Senator Hayden:** Honourable senators, in closing the debate on second reading of this bill, I commend it to your favourable consideration.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

**Senator Hayden** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

## NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Committee of the Senate on the Northern Pipeline on Bill S-12, to amend the National Energy Board Act, which was presented on March 8, 1979.

**Senator Olson** moved the adoption of the report.

He said: Honourable senators, at this somewhat late hour, I have no intention of repeating the speech I made when I introduced Bill S-12 in this chamber. I do have an obligation, however, to report to the Senate on what happened at the committee meetings. During the course of the meetings we heard testimony from the Canadian Petroleum Association, TransCanada Pipelines Limited, the Independent Petroleum Association of Canada, the Canadian Federation of Agriculture and from Unifarm, a major farm organization located in Alberta.

In addition to those appearances before the committee in a formal manner, we also discussed informally the bill with the Foothills group of companies and Consumers Gas. I wish to advise the Senate also that we mailed approximately 800 copies of the bill, along with explanatory notes, to a number of organizations across Canada which are interested in the legislation, including those prospective landowners along the route of the Northern Pipeline.

The suggestions made by the many witnesses who appeared before the committee both in a formal and informal manner, were very constructive. You will note that there are some 22 amendments contained in this report, some of which are of a substantive nature, but mostly they are for clarification purposes to improve, I think, the administration of these clauses in the National Energy Board Act, if and when they become law.

I am required to make a brief introduction of the subject matter for the record so that those reading today's *Hansard* will understand the main purpose of the bill.

Bill S-12 contains amendments to the National Energy Board Act in two main areas, the first of which deals with the approval by the board of a plan, profile and book of reference which, of course, is the specific route of the pipeline. Bill S-12 requires that at this stage the landowners be notified that the land will be required for the pipeline and given the right to make objections to the National Energy Board as to the final location of the route.

The second area deals with the methods of acquiring the lands by the company for the construction of the pipeline.

• (2140)

Bill S-12 deletes the reference in the National Energy Board Act to the Railway Act, and introduced a whole new arbitration procedure in order to strengthen the position of the landowner in negotiations with the company. The bill was referred to the Special Committee of the Senate on the Northern Pipeline for consideration. The committee, as I said, held public hearings and received representations from various interested groups that I have mentioned, both in terms of petroleum associations, companies that are involved in a major way, and the farmers' organization, of course, which constitutes the other side in the negotiations that go on when easements are required.

The Special Committee of the Senate on the Northern Pipeline suggests that the Senate now adopt 22 amendments to Bill S-12. Some of these amendments, I have to say, such as amendments 3, 12 and 13, represent an improvement in the wording only of the bill, while others, of a more substantive nature, clarify its intent. I would like to advise honourable senators that they can find all these amendments at page 714 of *Hansard* or page 326 of the *Minutes of the Proceedings of the Senate* if they want to go through them with me.

I understand that under rule 80, on every report of amendments to a bill made by a committee, the senator presenting the report shall explain to the Senate the basis for and the effect of each amendment. I can promise you at the outset, however, that I am going to be very brief in giving you these explanations. While I am not sure what the procedure may be, it seems to me that it would be appropriate if senators who have questions about any of these amendments were to interrupt me and ask for clarification. I realize that that gets into an area usually handled by a committee, but whatever the procedure senators may wish to adopt—whether they wish to question me during my speech or to hold their questions until I have finished—is agreeable to me.

Amendment 1 inserts in the bill a requirement for publication of the notice referred to in the proposed subsection 29.1(1), dealing with notification to the landowners of their right—and this was not provided before—to make representations to the National Energy Board prior to the board's approval of the plan, profile and book of reference. Honourable senators will recall that this was provided for in Bill C-25 of the last session, the Northern Pipeline Act, in section 18.1 of schedule III. We are now putting it into the National Energy Board Act with these amendments so that that notification will be available to prospective landowners who will be asked for easements in all future pipelines. So this particular

amendment does not apply specifically to the northern pipeline, but it will apply to others.

Amendment 2 specifies more precisely the timing of the establishment of the arbitration committee. We agreed to this because the arbitration committee needs to be in existence earlier than we had anticipated when we drafted the bill. There are a number of reasons I could give for that but, as I said, I do not want to go into a great amount of detail. The amendment does not change anything except that, as I said, it specifies more precisely the requirements for the establishment of the arbitration committee.

Amendment 3 simply represents a change in wording for the purposes of clarification.

Amendment 4 would restrict the right of entry of an inspector, and, indeed, of the arbitration committee, to the property it is proposed to take. In other words, the way it was written before, the arbitration committee could enter upon the lands for inspection, but the reference was to "all of the lands". What we are now doing is to restrict them to an inspection of the lands or strip that it is proposed to take for the purposes of the line of pipe.

Amendment 5 clarifies the purposes for which the company may be granted to right of entry only. This is more or less for clarification.

Amendment 6 specifies that when substantially all claims have been disposed of by the arbitration committee the existence of the committee may be terminated, notwithstanding any pending appeals to the courts. This, of course, is provided because the company is required to pay the expenses of an arbitration committee for any specific project, and we believe that there is a time, at the completion of the project, when substantially all of the claims have been settled, when the minister may, in his discretion, terminate that committee. Honourable senators will also know that there are other arbitration procedures provided for, even after an arbitration committee for a specific project has gone out of existence. We think it only fair that a company should not go on paying the costs of an arbitration committee for what might turn out to be months and years after the project is completed, even though there may be some matters still before the courts.

Amendment 7, and also, indeed, amendment 17, differentiate more clearly between the option of one lump sum payment and a series of periodic or annual payments, subject to review.

Amendment 8 adds a provision to one of the clauses in the agreement between the landowner and the company to exempt the company from liability for damages arising from negligence or wilful misconduct on the part of the owner. Prior to this amendment the section could have been interpreted as meaning that the company was responsible even though there had been gross negligence or wilful misconduct on the part of the owner of the land, and we believe that if these things can be established the company ought not to be responsible for the consequences of such behaviour on the part of the landowner.

Amendment 9 replaces the word "pipeline" in paragraph 73(2)(e) with the words "line of pipe or other facilities", because of the wide definition of "pipeline" in the National Energy Board Act. The definition of the word "pipeline" includes everything that belongs to the pipeline, even to the extent, as suggested by someone, of the office furniture. We have therefore used the words "line of pipe or other facilities", rather than the word "pipeline", because of that definition.



Amendment 10 has the purpose of indicating clearly that a certified appraisal is not necessary at the time of notice. We did use the word "evaluation" as well as the word "appraisal", and there was some concern that this could lead to a definition or an interpretation that each parcel of land had to be evaluated or appraised by a certified appraiser, as I think he is called, which was not the intention at all. It may be that when they get to court in a dispute, the court or the arbitration committee itself may want to have an appraisal done by a certified appraiser; but we do not believe that the company ought to be required to provide a certified appraisal of each parcel of land when making the initial offer of compensation to the landowner. That is why we have changed the wording.

Amendment 11 clarifies the wording so as to enable the negotiator to enter upon lands in order to make an inspection. The purpose here, again, is simply to clean up the wording.

Amendments 12 and 13 are also to make the wording more specific.

Amendment 14 details more precisely the matters which may be referred to further arbitration. In this regard we believe that some things cannot be turned back, such as a right of entry—although that is dealt with in the next amendment—but other things that are under construction really cannot be further arbitrated, except, perhaps, as to the amount of the compensation.

● (2150)

Amendment 15, as it states, grants discretion to the arbitration committee as to whether or not to hold a hearing regarding an objection to an immediate right of entry. The committee feels it is necessary to leave this discretion in the arbitration committee because it is possible to visualize a situation where a major construction effort could be held up if the committee did not have this discretionary power.

Amendment 16 directs the arbitration committee to specify to whom the compensation is payable. We feel that if the arbitration committee is going to come down with an order specifying an amount of money to be paid by the company, it should also specify to whom the money should be paid.

I have already dealt with amendment 17.

Amendment 18 specifies the rate at which interest is payable. The amendment really boils down to a definition of the word "prime"—that is, what is defined in the publications of the Bank of Canada from time to time and referred to as the lowest rate of interest quoted by chartered banks to their most creditworthy borrowers for prime business. I am advised that that is a well-understood term by people involved in these matters.

Amendment 19 provides for an appeal from an arbitration committee decision other than an order granting right of entry.

This appeal is to the Trial Division of the Federal Court rather than to the superior court in a province which, in fact, was provided for previously. I do not believe, and the committee agrees, that the granting of a right of entry, and after the right of entry has been exercised by the company, should not be appealable. Of course, the amount of compensation set by an arbitration committee can be appealed.

The other matter of substance contained in this amendment is that the appeal is to the Trial Division of the Federal Court. I am told that means the Federal Court can either take it as an appeal from an arbitration committee or, if it goes to the Trial Division, they can also hear evidence and witnesses and start over again with a new hearing. The committee was advised also, inasmuch as these appeal committees will be federal tribunals, or at least tribunals set up under federal legislation, that it is right that the appeal should be only to the Federal Court. Decisions from the Tax Review Board are exclusively appealable to the Federal Court and, as a matter of fact, under section 18 of the National Energy Board Act, decisions from that body are appealable only to the Federal Court. There are a number of other examples that I could give such as the Immigration Appeal Board, the federal Expropriation Act, and so on. That is why we have changed this from the superior court in the province to the Federal Court.

Amendment 20 stipulates that an order granting a right of entry vests in the company whatever interest is provided for in the order. You have to look pretty closely at this to understand that it means that an order given by an arbitration committee is limited only to the interest that the pipeline company has in the land. The way it was worded before—and a number of senators objected to it—it could have meant that the right could vest as far as fee simple, including the surface, and that was never intended. Now it is limited only to what the order says. If the order says "only for an easement", then that is the only interest that can be vested in the company.

Amendment 21 adds a provision to require registration of amended or corrected arbitration committee decisions. It also adds a provision to direct the provincial registrars to register documents filed with them. That simply means that when the arbitration committee makes an order, that order is registrable and, indeed, it directs the land titles office or the provincial registrar to register it against the title in the usual way.

Amendment 22, the last amendment, allows a regulation-making power to provide for substituted service of notices required to be served. I think it is fairly common, where notice has to be served and you cannot find the registered owner, that there is a provision for substituted service to be made.

That is the extent of the amendments that the committee is recommending to the Senate. The committee went over these very carefully before it brought them to the Senate. It is my view that there was not only majority agreement but unanimous agreement in the committee for every one of the amendments it is suggesting. I would hope, therefore, that the Senate will find it convenient to accept this report of the committee tonight, and, if so, I shall ask leave to move third reading of Bill S-12 tomorrow.

**Senator Grosart:** Honourable senators, I regret that I am not in a position to accede to the request made in the final remarks of Senator Olson. For that reason, in the name of Senator Flynn, I move the adjournment of the debate.

On motion of Senator Grosart, for Senator Flynn, debate adjourned.

## GOVERNMENT ORGANIZATION BILL, 1979

SECOND READING—DEBATE ADJOURNED

**Hon. Daniel Riley** moved the second reading of Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto.

He said: Honourable senators, as you all know, this bill entitled "An Act respecting the organization of the Government of Canada and matters related or incidental thereto" provides for a number of improvements in the organization of the Government of Canada.

Part I provides for the establishment of a separate Department of Fisheries and Oceans. The Minister of Fisheries and Oceans is to have responsibility for sea coast and inland fisheries; fishing and recreational harbours; hydrography and marine sciences; and the co-ordination of the policies and programs of the Government of Canada respecting oceans. These responsibilities provide for a comprehensive approach to fisheries and oceanic issues, recognizing the need for a sound scientific base both for the development of modern fisheries and to underpin our other oceanic responsibilities. It will also establish a focal point to co-ordinate our marine policies and programs which are taking on increasing importance.

● (2200)

According to the latest figures, Canada is now recognized as the number one fish exporting country, with annual exports totalling over $1 billion. The increase in landed values last year, 1978, on the Atlantic coast amounted to 13 per cent, representing a value of $374 million. This provided an overall increase in value of 42 per cent. It can be seen that the department, which will be known as the Department of Fisheries and Oceans if this bill passes, is assuming heavier responsibilities each year.

I don't have all the figures for the west coast fisheries, but I should like to point out that in 1978 the herring roe fishery, which has been developed over the last 10 years, produced a landed catch of 7,300 tons valued at $135 million. This really added a great deal to the income of the fisheries on the west coast, and that catch may be increased this year.

Part II of the bill provides for the amendment or repeal of certain sections of the Fisheries Research Board Act to allow that board to be replaced by a new Fisheries and Oceans Research Advisory Council. The function of the council will be to advise the Minister of Fisheries and Oceans, if this bill passes, on all matters the minister may refer to it relating to: fisheries research and the marine sciences, including technological developments in those fields; the scope and adequacy of the science policies and programs of the Department of Fisher-

ies and Oceans, having regard to the duties and functions of that department and the science policies and international obligations of the Government of Canada; and the co-ordination of research and development programs in the fields of fisheries research and marine sciences.

The intent of Part III is to clarify and update the mandate of the Department of the Environment, which remains following the separation of Fisheries, and to underline that its first responsibility is the preservation and enhancement of environmental quality. The bill strengthens the ability of the Minister of the Environment to ensure that other federal departments and agencies that have environmental protection powers as a necessary part of their specific responsibilities use those powers in a way that is consistent and meets certain basic environmental standards.

Part III also empowers the minister to enter into agreements with the provinces for the administration of environmental programs. This underlines the intention of the government to minimize federal-provincial duplication and to rely to the maximum extent possible on the provinces for the administration of environmental programs. This concept, together with the strengthened responsibility for co-ordinating and setting standards for the environmental activities of other federal departments and agencies, is fundamental to the new mandate of the Department of the Environment.

Part IV of this bill is a technical amendment which allows the staff of Canadian Patents and Developments Limited to continue to receive coverage under the Public Service Superannuation Act and the Flying Accident Compensation Regulations made pursuant to the Aeronautics Act.

The purpose of Part V is to transfer the responsibilities of the Representation Commissioner to the Chief Electoral Officer. Many of these significant responsibilities once accruing to the Representation Commissioner have now been carried out, and the major remaining duties of the office arise only in approximately two years in every 10 when electoral boundaries are readjusted. It thus seems timely and appropriate to rationalize the responsibilities of the two independent offices responsible for matters so crucial to democratic elections in Canada.

Parts VI to IX of the bill also contain essentially technical amendments to the constitutive acts of the Medical Research Council, National Research Council, Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council. The amendments remove the requirement in each of these acts that all staff appointments carry the specific approval of the minister. This will bring the role of the minister with respect to these councils into line with that played by the minister with respect to such organizations as the Canada Council, the Economic Council, the Science Council and the vast majority of other organizations that operate as separate employers.

Part X amends the Parliamentary Secretaries Act to correct the current wording in that act which ties the maximum number of parliamentary secretaries who may hold office to the number of ministers holding office at any given time. This has meant that if the maximum number of parliamentary secretaries are holding office when a minister resigns, one of those parliamentary secretaries must resign.

The amendment would provide that the maximum number of parliamentary secretaries is set at the time of appointment and so would not be affected by a subsequent resignation of a minister. This involves no increase in the maximum number of parliamentary secretaries who may be appointed.

Finally, Part XI of the bill contains a number of technical and general amendments consequential on the division of the Department of Fisheries and the Environment.

These, in summary, are the basic principles and intent underlying each of the parts of this bill. These measures sharpen the tools we have to provide better government for all Canadians. I would hope that honourable senators would agree that the bill should proceed without delay.

**Senator Grosart:** Honourable senators, it is my intention to move the adjournment of the debate on behalf of the Honourable Senator Marshall.

**Senator Marshall:** I am here.

**Senator Grosart:** I am sorry. Then, perhaps before I withdraw that statement, I would direct one question to the sponsor of the bill. In view of the fact that this extraordinary omnibus bill amends many acts—it covers practically the full range of government activity from patents to the Medical Research Board, the Representation Act and so on—is it the intention of the sponsor to move that this bill be referred to a committee or to a number of committees of the Senate?

**Senator Riley:** Honourable senators, naturally I would hope that the bill would not be sent to any committee, but I can understand that some honourable senators opposite may want it referred to a committee. I suggest that if it is referred to a committee, we follow the procedure followed in the other place and refer it to one committee. In the other place the whole of the bill was referred to the Fisheries and Forestry Committee with the approval of the whole house.

**Senator Langlois:** Honourable senators, if I may make a suggestion, owing to the many facets of this piece of legislation, the proper committee, to my mind, would be a Committee of the Whole with the minister in attendance.

**Senator Grosart:** I find myself in full agreement with that. I agree that it should not go to any single committee. It is not likely that any one committee would have the competence to deal with the range of subjects covered by the bill.

• (2210)

**Senator Williams:** Honourable senators, in view of the fact that this bill involves both east coast and west coast fisheries, with the impact on one coast being different from that on the other, I do not think it is something that should be rushed through. I am already receiving reports of problems on the west coast due to the bunglings of certain officials. To my mind, the bill requires in-depth study.

On motion of Senator Marshall, debate adjourned.

## NATIONAL HOUSING ACT CENTRAL MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Gildas L. Molgat** moved the second reading of Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

He said: Honourable senators, I appreciate being granted leave to proceed with second reading at this time. I think this is a very important bill and one which should be proceeded with as quickly as possible, subject, of course, to proper discussion in the Senate.

I am pleased to have this opportunity of speaking on Bill C-29 and to explain how it will provide Canadians with better access to good housing at prices they can afford.

Early last year the Minister of State for Urban Affairs, the Honourable André Ouellet, announced some new directions in housing policy that would be beneficial in a variety of ways. Among the most important of these benefits were greater assistance to the shelter needs of people on very limited incomes, greater and more effective use of private capital in the financing of housing programs, and more streamlined administrative approaches. The bill now before us, in its most important aspects, gives effect to these new directions.

While Canadians, generally speaking, are very well housed—we are, in fact, among the most advantaged of all nations in this regard—there are, as we are all aware, many Canadians who face serious housing problems. For the most part, these are low-income people—people who simply cannot afford to rent, let alone buy, adequate accommodation. These include the elderly, women raising families alone, the sick, the physically or mentally handicapped—in short, people who must depend upon help from the government in meeting their housing needs.

Up to now, federal programs undertaken jointly with the provinces have resulted in about 19,000 housing units for low-income people each year. This is not enough to meet existing needs, and the government has now set a target of 30,000 units of such housing a year—an increase of almost 60 per cent.

The bill now before us will, if passed, authorize the implementation of a new non-profit housing program designed to increase the supply of housing for low-income people and to overcome many of the disadvantages of the traditional federal-provincial public housing programs.

We are going to do a major portion of this by operating through non-profit corporations—public corporations established by provincial or municipal governments or private corporations set up by churches, service clubs and similar organizations.

Non-profit corporations which propose to build or acquire modest-cost rental housing will obtain their financing from approved private lenders. To make sure that mortgage loans are readily available, CMHC will provide NHA insurance covering 100 per cent of the value of the properties. This insurance will apply to existing housing that is to be bought and improved as well as to new housing.

Housing brought on to the market under this program will be available to everyone at market rent. Those whose income is not sufficient to allow them to afford the market rent will pay according to their income. Federal subsidies will be available to bridge the gap between full recovery and affordable rents. Program delivery will be simplified and red tape reduced.

For a number of years, the system of NHA insurance for private mortgage loans has been a most important stimulant to investment in housing. By protecting approved lenders from loss, NHA insurance, in addition to contributing to the construction of a very substantial volume of housing in the moderate price range, has persuaded lenders to provide high-ratio mortgages to people who, because of the high down payment that would be necessary, might otherwise not be able to own their own home.

The amendments now before us include important extensions to the system of NHA insurance. Under this bill, NHA insurance covering 100 per cent of project value will be provided on loans made for the purchase of existing rental properties for low-income housing by non-profit groups. In addition, NHA insurance will provide for the privately-financed rehabilitation of older structures for resale by builders, and will also be available for loans on non-residential structures that are converted to provide living accommodation.

These amendments support and extend the federal policy of making the greatest possible use of private funds for housing production, while conserving public money for the kind of assistance that can only be provided by government.

For the past few years two federal housing programs, the Assisted Home Ownership Program, or AHOP, and the Assisted Rental Program, or ARP, have not only been popular but have contributed to an important degree in relieving the housing shortage, in moderating prices, and in helping Canadians obtain affordable accommodation for purchase or rent.

• (2220)

Both of these programs went through a few necessary alterations as market conditions changed, and they were then discontinued last year because it was considered that they had achieved their basic objectives. There is, however, still a need for the type of assistance that both AHOP and ARP provided, and the natural evolutions of these two programs is a new program, the graduated payment mortgage, known as the GPM.

The GPM allows borrowers to make reduced monthly mortgage payments during the first years of occupancy. Payments gradually increase for about 10 years, and then level off for the rest of the repayment period.

We do not claim that the GPM is the answer to everyone's housing problems, but when it is used with judgment and discretion it can be extremely helpful to many people—for example, to young couples who have reason to expect that

their financial resources will gradually improve year by year, but who need initial help in buying a home.

The bill we are studying would encourage lenders to use the GPM by providing a "quick settlement" provision for mortgage loans up to a moderate limit. This would vary from region to region in accordance with local market conditions; but in the event of default, CMHC would make an immediate settlement with the lender, which would relieve the lender of the time and expense of the traditional foreclosure proceedings. So it encourages them to make the loans.

When the bill was discussed in the other place, members of the opposition were concerned that the proposed 5 per cent down payment for GPMs might, in fact, encourage some people to buy a home before they were quite ready financially to do so. The minister responsible for housing has therefore undertaken, at the request of members in the other place, to require a 10 per cent down payment for GPMs.

An important feature of the introduction of mortgage insurance and the quick settlement provision for GPMs is that it extends the government's policy of encouraging private investment in housing rather than the use of public funds, which can be put to better use in assisting non-profit involvement in public housing.

The bill further provides for a community services program which will consolidate federal assistance given to municipalities for a variety of purposes. Among these purposes have been facilities for the treatment of water and sewage, neighbourhood improvement, and for the construction of moderately priced medium-density housing.

The new program reflects the principles of global funding that were accepted by the provincial ministers at a meeting with federal officials in Edmonton in February.

The arrangements ensure that federal funds will be used, as it is intended, for community services, but they will be applied in accordance with provincial and municipal priorities. There will be no need—as there has been under other programs—for project-by-project approval by federal officials. This means that the program can be delivered more efficiently and effectively and at less cost to the Canadian taxpayer.

Through the community services program, assistance in the form of outright federal contributions will continue to be available for all activities previously eligible for such help, and for an expanded list of social, cultural and recreational services. These services could include, for example, community and recreation centres, parks, skating rinks, day care centres, and libraries—all programs where federal funds were not previously available.

The federal contributions could be used to improve municipal buildings, as the municipal equity in the new non-profit housing program, for plants to convert municipal waste into energy—for any agreed-upon municipal capital works. At the discretion of the province they could indeed be used for the servicing of municipal debt.

[Senator Molgat.]

As honourable senators will appreciate, one very noteworthy feature of the proposed legislation is that in two important areas—social housing and community services—federal support is increased while much of the overlapping of jurisdiction and duplication of efforts with the provinces has been eliminated. That is one of the primary objectives of this bill, namely, to disentangle federal and provincial activities that restricted the effectiveness and increased the cost of some necessary and beneficial programs.

There is one final point that I would like to make. At the request of members of the opposition in the other place, the minister responsible for housing agreed to an amendment to the bill which would help other levels of government in assembling and servicing of land for housing and related purposes. The bill now allows CMHC to insure loans made to provincial or municipal governments or public housing agencies by approved lenders for the purpose of acquiring or servicing land for housing or for purposes incidental to the provision of housing.

I believe, honourable senators, that I have covered the main elements of this legislation, which is designed to give effect to important new policy directions affecting both housing and the quality of urban life in Canada. I sincerely hope that these provisions can be approved here without delay and put into law.

I notice that Senator Grosart asked the sponsor of the previous bill as to its disposition. I am in the hands of the Senate in this regard, but, if I may, I would suggest that we consider a procedure which has been followed previously in this same area, and I believe with the same minister, and invite the minister to appear before us in Committee of the Whole to provide further information and clarification.

I believe this to be a very important bill. It concerns an area where a great deal has been done in the past but obviously where there are still some very important requirements, particularly respecting citizens of this country who have low incomes. I commend the bill to honourable senators.

**Senator Grosart:** Honourable senators, I direct one question to the honourable sponsor of the bill. In view of the recommendation of the Governor General, which indicates that this could cost money, will he give us the total estimated appropriation of public revenues that would be necessary to implement the bill.

**Senator Molgat:** In reply to the honourable senator, I regret that I do not have that information at hand, but I will be pleased to try to obtain it for him. Obviously the minister, if we ask him to appear before a Committee of the Whole, would have that information. In the meantime, I will try to obtain it.

**Senator Grosart:** May I suggest it is extraordinary, in view of the Governor General's recommendation, that we are asked

to proceed on second reading without being told what it is likely to cost. This is surely the stage at which the Senate should be informed. However, if it is the intention to introduce the bill in this manner, I have no further comment to make, except to say that I see no objection to its being referred at this stage to a Committee of the Whole.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See page 744*)

## INCOME TAX

### REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-37

THURSDAY, March 8, 1979

On January 29, 1979, Bill C-37, intituled "An Act to amend the statute law relating to income tax, to amend the Canada Pension Plan and to provide other authority for the raising of funds" received first reading in the House of Commons. This Bill is intended to implement the Ways and Means Motion which was tabled by the Minister of Finance on January 25, 1979. A Ways and Means Motion was tabled by the Minister of Finance with his budget on November 16, 1978, substantially to the same effect and which was expanded by a further Ways and Means Motion tabled on December 19, 1978.

By resolution of the Senate on January 30, 1979, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject-matter of the Bill in advance of the Bill coming before the Senate or any matter relating thereto.

In accordance with the Order of Reference, your Committee has given careful consideration to the said Bill C-37 arising from the said Ways and Means Motion and in connection with such consideration has engaged the services of Mr. Charles Albert Poissant of Thorne Riddell & Co., Chartered Accountants, and retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Montgomery, Renault, Clarke, Kirkpatrick, Hannon & Howard.

The Committee has heard Dr. E. P. Neufeld, Assistant Deputy Minister, Tax Policy and Federal-Provincial Relations Branch, Mr. R. Alan Short, Director, Tax Policy Legislation, Mr. John Haag, Special Adviser, Tax Policy, Mr. H. David McGurran, Officer, and Mr. A. Mitchell, Officer, Tax Policy—Legislation, all of the Department of Finance, and Mr. R. M. King, Director, Current Amendments Division of the Department of National Revenue. In addition, the Committee has also heard submissions from the Life Underwriters Association of Canada, The Canadian Medical Association, The Canadian Dental Association, the Mining Association of Canada and The Trust Companies Association of Canada. The Committee has also received written submissions from other organizations and corporations.

Bill C-37 contains amendments to the *Income Tax Act* and the *Income Tax Application Rules, 1971*, some of which amendments provide additional benefits to Canadian taxpayers and others are designed to put an end to perceived abuses. The Bill also contains amendments to the Canada Pension Plan and provides borrowing authority for public works and general purposes in the amount of $10 billion in relation to the fiscal year 1979-1980 which may be borrowed and repaid in a currency other than that of Canada.

Your Committee commends the fact that for the first time the Minister has tabled a detailed Ways and Means Motion prior to tabling the Bill, thereby enabling taxpayers to examine and comment on the proposed legislation.

The draft regulations published by the Minister have enabled taxpayers to have a more detailed comprehension of the proposed legislation and have assisted your Committee in formulating its recommendation respecting the small business deduction and the investment tax credit. The Committee has come to the conclusion that the proposed regulations dealing with the small business deduction should be contained in the Bill. This is discussed more fully later in this report.

Your Committee would like to make the following comments with respect to the Bill:

### EMPLOYMENT EXPENSE DEDUCTION

Taxpayers are allowed to deduct an amount equal to the lesser of $250 and 3% of the aggregate of their income from offices and employments.

Your Committee welcomes the proposal (clause 1) to increase the limit to $500. It is anticipated over 6,200,000 taxpayers will benefit from the change. Of these some 2,800,000 will receive the maximum proposed deduction of $500.

### INVENTORY ADJUSTMENT

The new paragraphs 12(1)(r) and 20(1)(ii) proposed by clause 3 and subclause 7(2) of the Bill are in response to the recent decision of *Quebec North Shore Paper Company v. The Queen* 78 DTC 6426. This decision allowed the taxpayer a one-time but permanent deferral of income equal to the depreciation content in the closing inventory by (i) adding back the depreciation content in the opening inventory, (ii) adding back the depreciation charged in the year, and (iii) deducting the depreciation content in the closing inventory. For taxpayers using this method, the deferral arose from not adding back the depreciation content in the opening inventory in the transitional year.

The Bill proposes to offset this adjustment by deeming that the depreciation content in inventory to be included in income for the year. A corresponding amount may be deducted in the following year. To the extent that the depreciation content of inventory raises its cost above fair market value, this adjustment would appear to be reduced. A similar adjustment is

proposed in respect of any amount representing a reserve for obsolescence or depletion expense which is included in the cost of inventory.

## NATURAL RESOURCES

The Bill contains several measures to stimulate investment in exploration and development and new mining ventures in Canada.

### CANADIAN EXPLORATION EXPENSES

Subclause 20(1) of the Bill proposes to extend until December 31, 1981 the opportunity available to individuals and non-resource corporations to immediately deduct the full amount of Canadian exploration expenses incurred. The full deduction was only available for Canadian exploration expenses incurred May 25, 1976 and before July, 1979. Thereafter, the maximum amount deductible would have been 30% of the taxpayer's cumulative Canadian exploration expenses.

### NEW MINES

The Bill proposes (subclause 20(7)) an amendment to include in the definition of "Canadian exploration expense" expenses incurred by a taxpayer after November 16, 1978 for the development of new mines. This amendment will mean that the cost of new mines prior to commencement of production, including clearing, removing overburden and stripping, sinking a mine shaft and constructing an adit or other underground entry, will be deductible at a rate of 100% rather than the previous maximum rate of 30%.

### RECOMPLETION EXPENSES

The Bill (subclause 21(3)) proposes to extend the definition of "Canadian exploration expense" to include expenses relating to the recompletion of oil or gas wells in Canada incurred after November 16, 1978. As such, taxpayers will be entitled to deduct up to 30% of recompletion expenses incurred in any given year and such expenses will be eligible to earn depletion. Recompletion involves work necessary to maintain or extend the life of a producing well.

## SMALL BUSINESS DEDUCTION

Certain Canadian controlled private corporations are allowed a favourable federal tax rate of 15% on the first $150,000 of income earned from "active business" carried on in Canada. This federal rate is reduced to 10% for small manufacturing firms. These federal rates compare with the 36% federal tax rate (30% for manufacturing) which applies to other corporations. The low federal rate applies as long as the qualifying corporation's retained business income is less than $750,000. Once this limit is reached, the corporation can continue to qualify for the low rate by paying dividends to shareholders.

The Act does not define what constitutes "active business" income but the courts have interpreted this phrase liberally.

Amendments are proposed by the Bill (clause 38) which are intended to give a more precise and limited definition of what constitutes "active business", therefore permitting the determination of who may benefit from the low tax rate on small business. The Supplementary Information accompanying the Notice of Ways and Means Motion tabled on November 16, 1978 indicates that amendments are also designed to ensure that this tax incentive will serve its original purpose of promoting expansion of small business and not be used as a tax shelter for employment, professional and investment income. Draft regulations have been issued to supplement the measures contained in the Bill.

Corporations in existence on November 16, 1978 will be subject to the new rules for years commencing after 1979; corporations formed after November 16, 1978 will be subject to the new rules for taxation years commencing after 1978. This will assist corporations in existence on November 16, 1978 to arrange their affairs accordingly if they will no longer qualify for the small business deduction under the new rules.

Subclause 38(3) of the Bill defines "active business" to mean

> "the business of manufacturing or processing property for sale or lease, mining, operating an oil or gas well, prospecting, exploring or drilling for natural resources, construction, logging, farming, fishing, leasing property other than real property, selling property as a principal, transportation or any other qualifying business carried on by the corporation".

Other "qualifying business" is defined in the regulations to mean any business other than a non-qualifying business. The draft regulations define "non-qualifying business" as:

> "(i) the professional practice of an accountant, dentist, lawyer or medical doctor that is not permitted under the law of one or more provinces to be carried on by a corporation,
>
> (ii) a business of providing services if more than 66⅔% of the gross revenue for the year of that business derived from services
>
> (A) is derived from services provided to, or performed for or on behalf of one entity, and
>
> (B) can reasonably be attributed to services performed by persons who are specified shareholders of the corporation or persons related thereto unless the corporation employs in the business throughout the year more than five full-time employees who are not specified shareholders of the corporation or persons related thereto.
>
> (iii) a business the principal purpose of which is to derive income from property including real property, shares, bonds, debentures, bills, notes, mortgages, hypothecs or similar obligations, unless the corporation employs in the business throughout the year more than five full-time employees who are not specified shareholders of the corporation or persons related thereto, and
>
> (iv) a business the principal purpose of which is to provide managerial, administrative, financial, maintenance or other similar services to a business connected at any time in the year with the corporation."

With respect to the draft regulations:

(1) First and foremost, the Committee strongly objects to definition of "qualifying business" and "non-qualifying business" being included in the regulations. While the inclusion of such definitions in the regulations has the advantage of providing a more flexible definition of what constitutes active business, it confers upon the government the power to tax in an arbitrary (and clearly indirect) manner. It is a fundamental principle that the power to tax should be reserved to Parliament alone. Your Committee feels that the definition of what constitutes an active business should be confined to the Act.

(2) Paragraph (i) of the definition of "non-qualifying business" relating to accountants, dentists, lawyers and medical doctors is arbitrary and discriminatory. For example, this paragraph would allow a lower federal corporate income tax rate to an optometrist but not to an ophthalmologist because the ophthalmologist happens to be a medical doctor and it would allow the lower rate to a chiropractor but not to a family physician for the same reason. The Committee does not see the logic in such a distinction.

Professionals earning business income (as opposed to employment income) earn income from an active business. The *Income Tax Act* has always treated employees differently from those who carry on their own business, recognizing that there are basic legal and economic differences between the two groups. The employed have the security of employment and the fringe benefits attaching thereto and do not undertake the kinds of financial risks and commitments made by a person carrying on a business.

Your Committee feels that those professionals who are permitted to incorporate under the laws of their respective provinces should be entitled, where applicable, to the small business deduction. Your Committee recognizes that this will give them an advantage over their colleagues who practice in the other provinces, but it will remove the disadvantage they have compared to taxpayers engaged in other forms of active business. Paragraph (i) of the definition of "non-qualifying business" discriminates not only against the four professions named; it discriminates against the members of those professions who are entitled to incorporate. It may be said that to allow all members of these professions the right to the small business deduction is discriminatory against those who are not entitled to incorporate. However, the power to entitle a given profession to incorporate lies with the provinces and not with the federal government. To allow all professions the small business deduction is to render the provinces accountable to the charge of discrimination, not the federal government.

(3) Your Committee anticipates that the definition of a non-qualifying business is too broad and may cause unnecessary hardship in many instances. For example, the inability to consider a specified shareholder or related persons as full-time employees will be inequitable in the case of closely held family run corporations. There may be situations where a corporation has more than five full-time employees, but because some of them are children of the principal shareholder, the corporation would not be permitted the small business deduction.

The Committee feels that corporations with a sufficient amount of capital invested or at risk in tangible assets which generate business income should be entitled to the small business deduction.

(4) The Canadian Medical Association has argued that corporations providing managerial, administrative, financial, maintenance or other similar services are desirable for the current practice of medicine, particularly in instances where a doctor's spouse is employed. If she were not employed by a corporation, her income would be attributable to her husband and taxed in his hands. Furthermore, they have argued that the pooling of resources of a number of doctors in a corporation would be advantageous in obtaining credit, thereby enabling them to enter into long-term leases, construct clinical facilities and to acquire computers and other equipment.

The Canadian Dental Association has argued that corporations have the further advantage of limiting liability. They indicated this is desirable as some dentists have gone into bankruptcy trying to finance expensive machinery.

In response to the foregoing arguments, your Committee notes there is nothing in the draft regulations to prevent corporations formed to acquire expensive equipment and to provide clinical services, such as a radiology laboratory or a blood test clinic, from enjoying the small business deduction.

Furthermore, there is nothing in the regulations to prevent the formation of corporations to provide managerial, administrative, financial, maintenance or other services. The effect of excluding such corporations from the small business deduction would be to impose a heavier tax burden on them than on a doctor or dentist providing such services. However, such corporations can be established to provide the necessary protection and advantages requested by The Canadian Medical Association and The Canadian Dental Association and it can be assumed that such corporations can arrange their affairs to avoid any unnecessary tax burden by incurring no profits.

The Committee concludes that the provisions of the Bill and the draft regulations respecting the small business deduction are unsatisfactory. They are discriminatory and require further consideration and dialogue with those affected before being implemented. The Committee is not satisfied with the proposal as presented in the Bill and recommends that clause 38 of the Bill be deleted.

## INVESTMENT TAX CREDIT

The acquisition of qualified property gives rise to a tax credit which is deductible in full against the first $15,000 of federal tax payable and to the extent of one-half of any tax in excess of $15,000. Any unused tax credit may be carried forward for a period of 5 years. The credit applies for assets acquired for use in manufacturing or processing businesses; in the petroleum, industrial mineral and mineral industries and in

logging, farming, fishing and grain storage. Both current and capital expenditures on scientific research and development qualify for the credit.

The Bill (clause 40) will increase the credit, maintaining the regional variation. The basic rate of credit is being raised from 5 to 7%, applicable to qualified property being used in southern Ontario, southwestern Quebec and most of Alberta and British Columbia. The rate of credit will be increased from 7½% to 10% for qualified property being used in Saskatchewan, Manitoba, northern Ontario and the rest of Quebec, other than the Gaspé region. Investments in the northern parts of Alberta and British Columbia, and the Yukon and Northwest Territories will also qualify for the credit at this rate. A rate of credit will be increased from 10 to 20% for qualified property used in the Atlantic Provinces and the Gaspé region of Quebec.

The credit presently applies to investments made before July 1, 1980. It is proposed to extend the credit indefinitely.

The credit will be increased for eligible current and capital scientific expenditures:

(1) to 25% for Canadian controlled private corporations which qualify for the small business deduction; and

(2) to 20% for research carried on in the Atlantic Provinces and the Gaspé region of Quebec; and

(3) to 10% for research carried on elsewhere in Canada.

A credit of 7% will be extended to transportation equipment to be used principally for the purpose of transporting passengers and property in Canada. To qualify for the credit, the transportation equipment must not have been used for any purpose whatever before it is acquired by a taxpayer. The draft regulations released by the Minister of Finance indicate that the credit will be extended to the following:

"(a) a property included in paragraph (g), (h) or (i) of class 9 of Schedule B;

(b) a vessel, including the furniture, fittings and equipment attached thereto or property included in paragraphs (c), (d), (e) or (f) of class 7 in Schedule B;

(c) a bus designed to carry 35 or more passengers, and used principally

(i) for regularly scheduled trips covering a distance in excess of 25 miles, or

(ii) between locations that are more than 25 miles apart

but does not include any bus used principally for urban transportation;

(d) a truck, tractor, trailer or semi-trailor acquired principally for use on highways and designed for the carriage of freight, having a gross vehicle weight rating (which means the value specified by the vehicle manufacturer as the loaded weight of a single vehicle) of 44,000 pounds or more, and used regularly for the carriage of freight for distances in excess of 25 miles from the urban centre or other location, in which a place of business of the user is situated;

(e) a container specifically designed to facilitate the transport of property by one or more modes of transport and designed to be secured and readily handled and having corner fittings (which means an arrangement of apertures and faces at the top or bottom of the container for the purposes of handling, stacking or securing); and

(f) railway rolling stock including machinery and equipment used primarily to service the rolling stock, property described in paragraphs (h) or (i) of class 1, or subparagraph (i), (ii) and (iii) of paragraph (b) of Class 10 of Schedule B and a bridge, culvert, subway, trestle or tunnel that is ancillary to railway track and grading."

Your Committee feels the credit should be extended to used aircraft. Many airlines, particularly the smaller ones, are buying used aircraft from outside the country as they are not available in Canada. To extend the credit to new aircraft only would put them in a disadvantageous position compared to larger airlines which can afford to buy new equipment.

Furthermore, Nordair has argued in a brief dated February 19, 1979 that aircraft and aircraft engines are unique for several reasons:

Aircraft and engines whether purchased new or used are maintained according to federally regulated standards to "time zero", by defined periodic maintenance procedures, in the case of airframes culminating in major "D" checks which effectively return the aircraft to a zero time basis. As such the predominant factor considered by an aircraft owner or prospective owner is not whether an aircraft is new or used but rather where the aircraft and engines are in the maintenance cycle at any given time.

Because of the differing characteristics of different types of aircraft, it is in some cases impossible to purchase an aircraft new to fit a particular requirement depending upon passenger capacity, cargo capacity, speed, operating characteristics in various geographic areas, etc. For example, Nordair's L-188 Electra aircraft are specially configured and utilized for the ice reconnaissance flying on behalf of the Canadian Department of the Environment. At the time the aircraft was chosen it was the most suitable for the type of flying involved, however the aircraft was out of production and could not be purchased new. Furthermore, because of the lead time required to purchase new production aircraft, it is in many cases more expedient to purchase a used aircraft which is available to satisfy an immediate need. For example, the present production scheduling for a 737 from The Boeing Company would require approximately 1½ years from the date of signing a contract to the delivery date.

There is an integral direct relationship between the new and used aircraft markets. The market for each is based on the availability and demand for a particular type of aircraft at a particular time. Any decrease in demand in the used aircraft market will manifest itself in decreased production of new aircraft, and any increase in demand for used aircraft will

increase the demand for new production aircraft. It is difficult to isolate the two markets because the product of each is to a large extent an adequate substitute for the other.

By extending the tax credit to include transportation equipment, it is the Minister's intention to increase employment in the equipment manufacturing sector and to provide a stimulus for transportation companies to upgrade their assets to improve transportation services. Your Committee recognizes that except in the case of very specialized aircraft types, the manufacturers of aircraft are all foreign based. Unquestionably a tax credit will assist the improvement of transportation services. The purchase of used aircraft by a carrier will in no way violate this objective and will have similar results as to the purchase of new aircraft.

The officials of the Department of Finance have explained the difficulties and complexities involved in extending the credit to used property. In order to meet the difficulties and avoid the complexities envisaged by the officials of the Department of Finance, it is suggested that the tax credit be extended to used aircraft which have theretofore never been registered in Canada and that did not receive the tax credit previously. This limitation would ensure that the credit could never be taken on the same aircraft more than one time.

## ANNUITIES

### LIFE ANNUITIES

Normally life annuity contracts provide for monthly annuity payments starting when the purchaser reaches a certain age and continuing until his death or the death of a named beneficiary. The *Income Tax Act* provides that the interest portion of each payment is to be taxed and the balance representing return of capital is not. If, however, the annuitant dies and the lump sum payment is made to his beneficiaries, the whole amount is treated as a return of capital.

Some annuity contracts have been structured to make sure that the interest portion passes free of tax after death. This is achieved by arranging for annuity payments to commence well beyond the normal life expectancy of the purchaser. At death, funds accumulated under the contract would be distributed tax-free. Clause 50 proposes that after 1979 the accumulated interest income realized on any lump sum or other payment under a life annuity be included in the taxpayer's income.

The Life Underwriters Association have argued that the proposal contained in clause 50 of the Bill to tax lump sum dispositions arising on termination of a life annuity contract should not apply to life annuity contracts issued prior to November 16, 1978. They argue that taxpayers who purchased deferred annuity contracts prior to November 16, 1978 did so in good faith in the light of the law as it stood at that time. To impose a new law retroactively to January 1, 1978 is arbitrary and unwarranted.

Reference has been made above to instances where life annuity contracts were issued with maturity dates well past the normal life expectancy of the annuitant. The Committee has no quarrel with this form of retroactivity being introduced in the Act against people who consciously attempt to avoid tax in this manner. However, your Committee feels that this form of retroactivity should not apply to the bona fide life annuity contracts with realistic maturity dates. Your Committee therefore recommends that the Bill be amended to tax only those lump sum dispositions arising on termination of a life annuity contract with a maturity date in excess of the life expectancy of the annuitant as established by actuarial tables.

### INTEREST ON BORROWED FUNDS

Taxpayers are entitled to deduct interest on borrowed money used for the purpose of earning income from business or property. Thus, taxpayers could deduct interest on money borrowed to purchase annuities.

Subclause 7(3) provides that for 1978 and subsequent taxation years, taxpayers will only be entitled to deduct interest paid on money borrowed before 1978 to purchase an annuity before 1978 provided (i) the money was not borrowed from the issuer of the contract and (ii) the annuity payments under the contract commenced not later than the date on which the annuitant becomes 75 years of age.

The Life Underwriters Association of Canada has recommended that interest be a deductible expense at all times, provided the same tests are met. They argue that because life annuities will be taxable on the death of the policy owner to the extent of any gain in the policy, life annuities should be treated in the same manner as any other investment. The Bill proposes (subclause 7(3)) that taxpayers be entitled to deduct interest paid on money borrowed before 1978 to purchase an annuity contract before 1978 provided that the money was not borrowed from the issuer of the contract and annuity payments under the contract commence not later than the date on which the annuitant becomes 75 years of age.

The officials of the Department of Finance have argued that interest should no longer be deductible to purchase annuity contracts because this would afford taxpayers undue deferral of tax. That is to say, taxpayers would get a current deduction with respect to interest paid and the accumulated earnings would be taken into income at a later date. Such a deferral is available with respect to registered retirement savings plans ("RRSP's"), but the officials argue that the same treatment should not apply to annuities because, unlike RRSP's, there are no limitations on amounts which may be contributed to annuities.

Your Committee is in agreement with the principle that taxpayers should be entitled to deduct interest on money borrowed to acquire income producing assets. Life annuities, like RRSP's, assist taxpayers to provide for their retirement. Your Committee feels that a deferment of tax is justifiable in the circumstances and therefore endorses the recommendation that interest paid on money borrowed from a source other than the issuer of the annuity be a deductible expense at all times, provided that annuity payments commence not later than the date on which the annuitant becomes 75 years of age.

## ADJUSTED COST BASES OF LIFE INSURANCE POLICIES

Interest paid on policy loans increase the adjusted cost basis of a policyholder's interest in a policy (paragraph 148(9)(*a*) and subsection 148(9)(*e*.1) of the Act). Bill C-56 amended the Act to exclude from the adjusted cost basis of a life insurance policy interest paid before 1978 on a policy loan. In its report tabled June 27, 1978, your Committee noted as follows:

> Bill C-56 proposes (Clause 36) that in computing the adjusted cost basis of a life insurance policy after March 31, 1978, the premium paid on the policy exclude any interest paid before 1978 on a policy loan. Officers of the Department have indicated that justification for such a proposal is that many insurance companies have indicated they do not have complete records as to prior interest payments.
>
> Your Committee notes that the adjusted cost basis of an interest in a life insurance policy will be increased in some instances by the amount by which the cash surrender value of the policy at its first anniversary date after March 31, 1977 exceeds the adjusted cost basis of the policy as otherwise determined. Therefore the effect of excluding interest paid before 1978 on a policy loan from the adjusted cost basis may not be severe in many instances.
>
> Notwithstanding this mitigating consideration, your Committee feels many insurers or policyholders have records of payments of interest on policy loans and if such records are available, policyholders should be allowed to use them to establish their adjusted cost basis. It is recommended Clause 36 be deleted.

It is noted that this recommendation has not been followed. No satisfactory answer has been given to your Committee why policyholders should be discriminated against if they or their insurers have records available to establish the actual amount of pre-1978 policy loan interest paid. The Committee reiterates its recommendation that such policyholders should be entitled to include interest paid on policy loans prior to 1978 in the adjusted cost basis of their policy.

## REGISTERED RETIREMENT SAVINGS PLANS

### COMMUTATION OF BENEFITS AT DEATH

The *Income Tax Act* was amended, effective June 30, 1978, to the effect that except where the spouse is the beneficiary, benefits pursuant to an RRSP are commutable at death and the annuitant is deemed to have received the value thereof immediately before death. As a result, the deceased is taxed in the year of death on the fair market value of his RRSP.

In its interim report tabled June 27, 1978, your Committee commented on this proposal as follows:

> "Furthermore, the proposal may create hardship for the deceased's estate. The beneficiaries receive the proceeds whereas the estate is obliged to pay the tax—and usually at a higher rate than that which would be applicable to the beneficiaries.
>
> It is recommended that in the event the deceased dies without a spouse and the children of the deceased are the beneficiaries of his RRSP, there be no commutation of the RRSP benefits at his death and he not be taxed in the year of death; rather, the children be taxed on the benefits received with the option of deferring tax through the purchase of an income averaging annuity contract."

Subclause 46(3) proposes the Bill be amended to provide relief in situations where both parents die leaving minor or disabled children. If there is no surviving spouse, the portion of a plan passing to a child or dependent grandchild equal to $5,000 multiplied by the number of years until the child reaches 26 years of age will be included in the child's income. The child may defer paying tax on such amount by purchasing an income averaging annuitant contract. For dependents who are dependent by reason of physical or mental infirmity, the full amount of the balance of a plan will be included in their incomes, rather than being included in the income of the deceased.

The Bill also proposes (clause 54) that the recipient of the balance of a plan will be jointly and severally liable with the estate for the tax payable by the annuitant.

Witnesses have testified that very large amounts ($300,000-$500,000 or more) may accumulate in RRSP's but that the portion passing to the children and subject to the proposed relief provided by the Bill will be relatively small in most cases. That is to say, the relief proposed by the Bill does not go far enough; only a relatively small amount will not be taxable in the hands of the deceased in the year of death. The witnesses have also advised the Committee of the difficulty minor children may have in purchasing income averaging annuity contracts. In many cases, this form of deferment will not be available.

As a result, the commutation of RRSP benefits will be taxed at prohibitive rates, except in those instances where they pass to the spouse. The Committee therefore reiterates its recommendation set forth in last year's report.

### MINIMUM MATURITY AGE

Bill C-56 amended the *Income Tax Act* in 1978 to the effect that RRSP's may mature only after an annuitant attains 60 years of age. Your Committee indicated in its interim report tabled June 27, 1978 that the imposition of a minimum age would create unnecessary and severe problems for persons who require annuity payments prior to the age 60.

Subclause 46(5) proposes that RRSP's be entitled to mature prior to the age 60 if (i) the annuitant or his spouse receives a disability pension under the Canada Pension Plan or a provincial plan as defined in Section 3 of that Act or (ii) where the spouse of the annuitant has died, the annuitant receives a survivor's pension under the Canada Pension Plan or a provincial pension plan as defined in Section 3 of that Act.

The definition of disability under the Canada Pension Plan is extremely narrow. Paragraph 43(2)(*a*) of the Act reads as follows:

> "(2) For the purposes of this Act,

(*a*) a person shall be considered to be disabled only if he is determined in prescribed manner to be suffering from a severe and prolonged mental or physical disability, and for the purposes of this paragraph.

(i) a disability is severe only if by reason thereof the person in respect of whom the determination is made is incapable regularly of pursuing any substantially gainful occupation, and

(ii) a disability is prolonged only if it is determined in prescribed manner that such disability is likely to be long continued and of indefinite duration or likely to result in death;"

A review of the definition and recent Pension Appeals Board decisions leads your Committee to the conclusion that the proposed exception to the age 60 limitation is too restrictive.

Your Committee is aware of the trend towards earlier retirement. Retirement before age 60 is not uncommon. For example, policemen, members of the armed forces and school teachers often retire at younger ages such as 50 or 55 and purchase RRSP's on that understanding.

Should the Minister insist on imposing an age limitation, your Committee strongly recommends that a more liberal and meaningful exception be provided whereby taxpayers in deserving circumstances should be entitled to mature their RRSP before the age 60. The definition under most private disability income plans is much less restrictive than the Canada Pension Plan disability test. The usual private plan test is whether the person is considered for the first two to five years to be unable to pursue the regular duties of his or her own occupation and thereafter to perform the duties on any occupation for which the person is suited by education, training or experience. Your Committee recommends that a person receiving any form of disability pension should be entitled to mature his RRSP before he becomes 60 years of age.

Your Committee is also concerned that there will be instances where a disabled person does not qualify for any form of disability pension. Information Circular 72-13R5 indicates that an employees' pension plan may provide for reasonable disability pension benefits "if disability is total and permanent, such as to prevent an employee from continuing active employment, and is so certified by a medical practitioner". Your Committee feels that any disabled person meeting this test should be entitled to mature his RRSP before he becomes 60 years of age.

## TERMINATION PAYMENTS

Amounts received by an employee on termination of his employment are taxable if paid and received voluntarily. Jurisprudence has established that if such amounts are paid involuntarily, particularly where the employee has alleged wrongful dismissal, the amounts received as damages are free of tax.

In order to remove uncertainty and curtail certain abuses, the Bill proposes (subclauses 15(1) and 65(7)) that any amounts received in respect of a termination of office or employment after November 16, 1978 and not otherwise taxable will be considered a termination payment and taxable to the extent of one-half the employee's remuneration for the preceding 12-month period. Any amounts in excess of the 6-month salary will not be taxable.

Persons receiving termination payments, to the extent they are taxable, will be entitled to defer tax thereon by purchasing an income averaging annuity contract ("IAAC"). The employee investing his termination payment in an IAAC will receive annuity payments commencing no later than 10 months after the purchase of the IAAC for a term, guaranteed or not, of up to 15 years or until the employee reaches 85 years of age, whichever is sooner. The annuity payments will be taxable in the year of receipt.

The Bill does not contemplate that the employee would be allowed to claim a deduction if he were to contribute a termination payment to a registered retirement savings plan ("RRSP"). The ability to place funds in an RRSP provides more flexibility and may provide a greater opportunity for deferment of tax than the placing of funds in an IAAC. An RRSP may mature at any time after the annuitant has reached 60 years of age and before the end of the year in which he reaches 71 years of age. At maturity, the annuitant may opt to receive payments from his RRSP or transfer his RRSP to a registered retirement income fund.

A "retiring allowance" is defined in part to mean an amount received on or after retirement from an office or employment in recognition of long service or in respect of loss of office or employment.

A person receiving a retiring allowance may purchase an IAAC or place his allowance in an RRSP.

Payments representing damages arising from dismissal, to the extent taxable, have been considered heretofore by the Department of National Revenue as retiring allowances (see Interpretation Bulletin IT-337, paragraph 3) and have qualified for RRSP rollover treatment.

As a result of the proposed amendments, not only will the taxpayer be subject to the payment of income tax on the termination payment which tax he would not have incurred if he had been dismissed prior to November 17, 1978, but he will also be denied the tax deferral benefits which would avail had he been able to contribute the termination payment to an RRSP.

The denial of RRSP rollover treatment to recipients of sums representing damages arising from dismissal will result in taxpayers opting for different tax treatment, depending on the size of the amounts received. Taxpayers receiving less than 50% of their previous year's employment income will, in most cases, arrange their affairs to have the amounts received treated as a retiring allowance. Taxpayers receiving more than 50% of their previous year's employment income will, in most cases, arrange their affairs to have the amounts received treated as termination payments. Accordingly, they will be prejudiced compared with their counterparts receiving lesser

amounts because they will be denied the more liberal deferment of tax available with RRSP rollovers. Furthermore, the different treatments will encourage taxpayers to continue the practice of arranging their affairs in an artificial manner in order to obtain more favourable tax treatment.

The plight of elder persons dismissed from employment is of great concern. On December 7, 1978, the Honourable Monique Bégin, Minister of National Health and Welfare, testified in part as follows before your Committee:

> "In June, 1976, the provinces, basically Ontario followed by Quebec—got nervous about what the economic "adventure" which guaranteed an annual income by a form of negative income tax, I presume, would mean for Canadians, and decided to freeze it; and requested my predecessor, Marc Lalonde, to investigate and explore tax-related mechanisms of delivering social benefits to selective groups. That says it all. We identified three groups of the most vulnerable people in Canada: the people aged from 55 to 64 who lose their jobs and cannot be re-employed because of unwritten discrimination in the marketplace; single parent families; and working poor families. Two of those groups were characterized by children. Consequently, we devised this mechanism to have a program that would meet the needs of those two groups."

The Committee agrees with the Minister and urges that they be entitled to the benefit of choosing the rollover benefits of an RRSP or an IAAC should they be in receipt of termination payments.

Furthermore, in many cases it may be difficult to determine whether a payment should be classified as a retiring allowance or termination payment. An employee may be prejudiced if in thinking the payment was a retiring allowance he invested the funds in an RRSP which was ultimately determined to be a termination payment. He would not be entitled to deduct the funds invested and would therefore be taxable immediately on the full amount received. The taxpayer will be subject to two additional penalties assuming he has contributed more than $5,500 to his RRSP in the year; he will be taxable again when he receives back the amount inadvertently contributed to the RRSP; and he will be subject to a penalty tax of 1 per cent per month as long as the amount remains in the RRSP.

Your Committee feels that because of the similarity between termination payments and retiring allowances and the very adverse tax consequences which may arise if a given payment is characterized in the wrong manner, taxpayers should be entitled to invest their termination payments in the same manner as they may invest their retiring allowances. That is to say, they should be entitled to place the funds received in an RRSP as well as an IAAC.

## INCOME BONDS AND CERTAIN PREFERRED SHARES

Income bonds and debentures are obligations on which interest is payable only when the borrower has made a profit. They were originally provided for in the *Income Tax Act* in the 1930's to help companies in serious financial difficulty. Interest payments on income bonds and debentures are deemed to be dividends for tax purposes and therefore pass free of tax between Canadian corporations. No deduction is available for such payments made by a borrower.

Retractable preferred shares, of more recent origin, may be redeemed at the holder's option, and term preferred shares are now frequently issued for a limited period, usually less than 10 years.

These types of securities have been used instead of traditional debt financing, particularly for major loans by chartered banks to large corporations not subject to tax and who therefore do not need to deduct interest payments.

The Bill proposes (clauses 5 and 65) that interest paid on income bonds and debentures will be treated as interest for tax purposes. Similarly, dividends paid on retractable or term preferred shares with terms of less than 10 years to specified financial institutions (banks, trust companies, credit unions, life insurance corporations and finance companies) will be treated as interest for tax purposes. Notwithstanding the foregoing, the following payments will continue to be considered as dividends for tax purposes:

(1) Interest and dividends payable on income bonds and debentures and retractable and term preferred shares issued before November 17, 1978 provided the conditions attaching thereto are not altered, their term not extended and the holders thereof do not waive their right to redeem.

(2) Interest and dividends payable on income bonds and debentures and retractable and term preferred shares issued after November 17, 1978 and before 1980 under the terms of an agreement in writing to do so made before November 17, 1978.

(3) Dividends on retractable or term preferred shares for terms not exceeding 10 years and issued by borrowers in financial difficulty.

(4) Interest on income bonds and debentures issued for terms not in excess of 5 years by borrowers in financial difficulty.

The Mining Association of Canada has indicated that there are mining projects in Canada awaiting development which will require very large amounts of capital. The most appropriate manner of raising capital was said to be by way of income bonds or preferred shares with limited maturities. They suggest this form of financing be retained for mining companies wishing to develop new mines or expand existing facilities. Mr. John L. Bonus, Managing Director of the Association testified in part as follows:

> "Gentlemen, the important point is, we desperately need new mines in Canada if we are to maintain let alone expand our position as a world-class supplier of minerals in the future. We have in Canada a very substantial number of discovered deposits awaiting development, and we believe that many of these would go ahead if financing of them could be secured at interest rates considered reasonable. These projects would, of course, create new employment,

directly and indirectly, and contribute in many ways to a stimulation of the economy."

They therefore suggest the Bill be amended to allow the financing of specific depreciable assets by way of income bonds or preferred shares with limited maturities. They suggest that income bonds or preferred shares with limited maturities could be issued having principal amounts that would not exceed at any time the amount of capital cost of depreciable assets not yet written off for tax purposes.

The Committee has noted the large cost of income bonds and preferred shares with limited maturities to the federal and provincial treasuries. This amounted to approximately $500 million last year. It is anticipated there would have been an additional loss to the federal treasury of $150 million for the fiscal year 1979-1980 without the proposed amendments.

This report has noted the additional benefits proposed by Bill C-37 with respect to pre-production expenses of new mines and a larger investment tax credit. The Committee is mindful of the extensive benefits given to the mining industry by the federal tax system. These benefits include the deduction of Canadian exploration expenses, earned depletion, accelerated capital cost allowances, resource allowances and the investment tax credit.

It would appear to your Committee that mining properties susceptible of financing by way of income bonds and debentures would have to be of high quality involving low risk on the part of the lender. It is to be noted that equity financing for the development of such properties is still available and in particular circumstances may be more appropriate.

However, in the light of evidence produced before the Committee, there would appear to be cases where income bonds or debentures or preferred shares with a shorter term than 10 years may be the only acceptable form of financing available. The Committee feels that more liberal provision should be given in the Bill to allow for financing by way of income bonds and debentures and preferred shares of a shorter term to assist the development of the Canadian economy as long as such provisions do not represent an unreasonable loss to the federal treasury.

## OTHER AMENDMENTS

### INTEREST AND PROPERTY TAXES ON VACANT LAND

Clause 6 proposes that the Act be amended to permit a deduction for interest and property taxes incurred after November 16, 1978 with respect to land held primarily for the purpose of resale or development by a taxpayer in the ordinary course of his business. The *Income Tax Act* presently disallows such a deduction. Your Committee welcomes this amendment which conforms to the tradition that all expenses to earn income from a business or property and otherwise acceptable are deductible.

The Committee notes with concern, however, the proposal to repeal subsection 10(1.1) of the Act (clause 2 of the Bill). This subsection allowed taxpayers to add interest and property taxes to the cost of land held as inventory. The repeal of subsection 10(1.1) will mean that taxpayers holding land as inventory and not receiving income in a year will suffer a loss for that year which will not be recoverable if income is not earned in the previous year or any of the five succeeding years. The Committee recommends that subsection 10(1.1) should not be repealed.

### SMALL BUSINESS CORPORATIONS

In June, 1978, the *Income Tax Act* was amended to permit the avoidance of tax on $200,000 of capital gains where the gains arose on the transfer of shares of a small business corporation to the child of the transferor.

There had developed a practice whereby taxpayers could double the exemption from tax by utilizing the $200,000 exemption, transferring shares to his spouse, who would in turn transfer shares of the small business corporation to the child, thereby creating an aggregate exemption of $400,000. Clause 24 proposes an amendment to deny the $200,000 exemption where shares had been previously transferred between spouses in such a manner that the attribution rule of sub-section 74(2) of the Act would have been applicable.

### CURRENCY GAINS OF FOREIGN AFFILIATES

Foreign accrual property income ("FAPI") of a foreign affiliate of a taxpayer is included in the income of a Canadian taxpayer in the year it is earned by the foreign affiliate. FAPI income consists of income other than active business income and includes taxable capital gains. As such, capital gains arising from the fluctuation of foreign currencies relative to the Canadian dollar could give rise to FAPI income.

Clause 32 of the Bill proposes that such currency fluctuations be eliminated from the computation of FAPI income.

### INTEREST AND DIVIDEND DEDUCTION

Individuals are entitled to deduct up to $1,000 of interest and grossed-up dividends received and taxable capital gains incurred from the disposition of Canadian securities.

Sub-clause 34(3) of the Bill will disallow a deduction in respect of dividends deemed by Section 84 of the Act to have been received by a taxpayer. This clause has been inserted in the Bill to prevent abuses whereby individuals would purchase shares in a public company knowing that such shares were being purchased for cancellation by the company. Upon having his shares purchased for cancellation, the individual would be deemed to have received a dividend equal to the difference between the paid-up capital in respect of the shares cancelled and the redemption proceeds. Heretofore, the deemed dividend could be received tax-free to the extent of the $1,000 deduction. The Act provides that where a portion of the proceeds of disposition of a share are considered to be deemed dividends for the purpose of Section 84, the amount of the deemed dividend reduces the proceeds of disposition of the shares for tax purposes. Thus the proceeds of disposition for tax purposes being less than the individual's cost of the shares by the amount of the deemed dividend, the amount of the deemed dividend became a capital loss for tax purposes which the

taxpayer could deduct up to $2,000 against other income in the year.

## SUBMISSION OF THE TRUST COMPANIES ASSOCIATION OF CANADA

The Trust Companies Association of Canada testified before the Committee respecting options available at the maturity of RRSP's.

### THE FIXED TERM ANNUITY OPTION

Paragraph 146(1)(*i*.1) of the Act was added by Bill C-56 effective June 30, 1978. This gave the annuitant the option of acquiring an annuity commencing at maturity of the RRSP for a term extending to the annuitant's 90th birthday or that of his spouse.

The annual payment under this option must be equal which means the interest rate must be fixed for the term of the contract—a minimum of 19 years which could extend to 30 years or more. The witnesses testified that the trust companies match as closely as possible the interest rates and maturities of their assets with those of their liabilities. The commitment to the long-term guarantees of capital and fixed rates of interest required under fixed term annuities would be a major departure from their traditional investment practice, which practice has tended to favour shorter term investments, i.e. residential mortgages with renewable terms of one to five years.

Accordingly, they have recommended that the Act be amended to permit the interest rate on fixed term annuities to be varied periodically throughout the term of the contract, with the intervals and the rate to be negotiable between the annuitant and the issuer.

They have also noted that annuitants were not receptive to fixed term annuities because the maximum term of age 90 was inflexible. Annuitants were, in most cases, forced to think in terms beyond their normal life expectancy. They have recommended that the fixed term annuity term be reduced to a minimum of the annuitant's life expectancy at maturity, while retaining age 90 as the maximum term.

### THE REGISTERED RETIREMENT INCOME FUND OPTION

It was noted that payments under registered retirement income funds ("RRIF's") grow from year to year at the rate of return on investments in the Fund. It has been pointed out that the growth in the rate of return may be out of proportion. For example, payments under an RRIF for each $1,000 invested by a taxpayer at age 70 and assuming an 8% interest return will provide a $50 return to the taxpayer in the first year of the RRIF and $215.79 for the last year. The increase in rate of return is designed to protect the taxpayer against inflation. The Association has argued that there should be some adjustment made to the payment formula to permit larger payments in the earlier years as the differential in payments as presently established is out of proportion and will cause the taxpayer to be subject to higher tax at death because the commuted value of his RRIF will always remain relatively high.

The Association has also recommended that the RRIF term be reduced to a minimum of the annuitant's life expectancy at maturity, while retaining age 90 as the maximum term.

### THE TERM CERTAIN ANNUITY

The Association has strongly recommended the introduction of the term certain annuity as a further option at maturity of an RRSP. This option would entitle taxpayers to choose the term of their annuity in order to meet their particular individual needs.

The recommendation of The Trust Companies Association of Canada do not relate to Bill C-37. However, your Committee considers their recommendations to have merit and feels they should be given consideration by the Minister.

## CONCLUSION

Your Committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. Charles Albert Poissant and Thomas S. Gillespie.

Your Committee has examined and considered the subject-matter of Bill C-37 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

SALTER A. HAYDEN,
*Chairman.*

# THE SENATE

**Wednesday, March 14, 1979**

The Senate met at 2 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem,* in the Chair.

Prayers.

## NATIONAL FINANCE

ACCOMMODATION PROGRAM OF DEPARTMENT OF PUBLIC WORKS—COMMITTEE AUTHORIZED TO REVIEW RECOMMENDATIONS

**Senator Grosart** moved, seconded by Senator Hicks, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on National Finance be authorized to review, with the appropriate ministers and officials, the recommendations contained in the report of the said committee on the Accommodation Program of the Department of Public Works.

Motion agreed to.

## HEALTH RESOURCES FUND ACT

RECOMMENDATIONS OF HEALTH, WELFARE AND SCIENCE COMMITTEE—QUESTION

**Senator Phillips:** Honourable senators, I have a question for the Leader of the Government. Has the government accepted the recommendations of the Standing Senate Committee on Health, Welfare and Science regarding Bill C-2, to amend the Health Resources Fund Act; and, if so, is the government acting on those recommendations?

**Senator Perrault:** Honourable senators, it is my understanding that the recommendations are being considered.

## ENERGY

INTERNATIONAL ENERGY AGENCY—SUPPLY OF OIL IN ATLANTIC CANADA—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, a question was asked by Senator Roblin on March 7 last regarding the supply of oil in Atlantic Canada.

The quantity of oil held in storage by the oil companies in Atlantic Canada and elsewhere in the country is reported monthly to the government. While the government does not exercise direct control over these stocks, routine contact with the oil supply companies through both the National Energy Board and the Department of Energy, Mines and Resources provides a measure of indirect control.

Generally speaking, the government has found the oil stock levels to be satisfactory. From time to time, problems have arisen and have been resolved through consultative means.

## NORTHWEST TERRITORIES ACT

BILL TO AMEND—THIRD READING

**Senator Adams** moved the third reading of Bill C-28, to amend the Northwest Territories Act.

Motion agreed to and bill read third time and passed.

## NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the consideration of the report of the Special Committee of the Senate on the Northern Pipeline on Bill S-12, to amend the National Energy Board Act, which was presented on March 8, 1979.

**Hon. Jacques Flynn:** Honourable senators, I did not have time to participate in the work of the Northern Pipeline Committee in formulating this bill, but I have been kept *au courant* by others, most notably Senator Smith (Colchester), who faithfully attended all meetings. I was aware from having attended some of the earlier meetings of the purpose of the bill, and I expressed my entire agreement with the objectives of the committee, and especially those of its chairman, Senator Olson.

The provisions of the National Energy Board Act concerning expropriation are entirely inadequate, so the committee produced a bill to amend the act in order to set rules for expropriation especially with regard to the northern pipeline. These amendments, on the whole, are laudable and adequate, and I have no objection to this report being adopted and the bill receiving third reading today.

There are some problems, and they were mentioned by Senator Olson. One of these is that there probably should be a direct government input into some of the provisions of the bill. For instance, there was the problem of the expense of operating the Arbitration Board. In these amendments it is provided that the cost will be paid by the oil company, which, on the surface, appears fair. But it does constitute a departure from the general principle that a court is something which is operated in the public interest and, as such, is paid for out of public funds. So we may be establishing a new principle or adopting a new rule there. But we will see how it goes when it is considered in the other place, if it is ever considered there as such. I doubt it under the circumstances. It may come back to us in a new Parliament as a government bill, sponsored by the Minister of Energy, Mines and Resources.

Another interesting precedent proposed in this bill is that landowners may have a choice of immediate compensation for the easement or for the loss of the property, depending on the

circumstances—because in some cases I understand the oil companies will be entitled only to an easement, a servitude, and not total possession of the land—in the form of a lump sum or having compensation on the basis of an annual rental which would be reviewed every five years. The review at the end of every five-year period is something entirely new. I can understand the logic behind it. These are times of discouraging inflation. But the idea breaks new ground and may create many problems.

I am not opposed to this idea, but I would like to study it more closely. I am interested in seeing what reception it gets as this bill moves along the road towards final adoption. On the whole, I would say that the provisions in this bill are necessary if we are to provide adequate protection and compensation for those people who will be affected by the construction of the Northern Pipeline.

With those few remarks, honourable senators, I support the adoption of the report and we will not oppose third reading, even this afternoon, if the sponsor so desires.

• (1410)

**Hon. H. A. Olson:** Honourable senators—

**The Hon. the Speaker** *pro tem:* I must inform honourable senators that if the Honourable Senator Olson speaks now his speech will have the effect of closing the debate.

**Senator Olson:** Honourable senators, I just want to reply, albeit briefly, to some of the comments made by Senator Flynn. First, let me say that I appreciate his comments respecting the new departures we are setting out in this bill. I also want to express to him our appreciation for the constructive and co-operative work we had from Senator Smith (Colchester) in putting this bill together. He attended faithfully and helped us a great deal in putting the legal terminology into its most acceptable form.

With respect to the matter of annual payments for land which a resource company or pipeline or gas company takes by way of an interest short of fee simple, the right to the ownership of the surface is new in respect of pipelines but it is not a new concept in the western provinces. For example, a common practice out there is the leasing of small parcels of land, sometimes from two to five acres, which are taken for the purpose of drilling wells. While the companies do rent the lease, they call it a surface lease and it gives them the right to go on the land to service the well.

The fact is that the landowner usually gets back 75 to 95 per cent of that land to farm on as he was before the construction of the surface requirements for the well were put in place.

Since 1972, at least in the province of Alberta where they are made annually, such surface lease rentals are subject to review every five years at the initiation of either one party or the other. The review is not automatic or done of necessity. It must be initiated. We know that that is now happening in Alberta in respect of at least 40,000 wells. So it is not an impossible job in terms of administration or coming to an agreement when a five-year review comes up. For those reasons we have included that in this legislation. It makes for much better relations between the pipeline company, gas company or oil company and the landowner.

Honourable senators, with these comments I should again like to express my appreciation to all members of the committee and as well to the staff of the committees branch and others for being so helpful during the six-month job of getting this bill to this stage.

Motion agreed to and report adopted.

THIRD READING

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

**Senator Olson:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

## GOVERNMENT ORGANIZATION BILL, 1979

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Riley for the second reading of Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto.

**Hon. Jack Marshall:** Honourable senators, I am pleased to respond, on behalf of my leader and my party, to Bill C-35, and I am pleased also to associate myself with the mover of the bill, Senator Riley, a fellow maritimer, who shows such an unpartisan attitude in dealing with matters affecting our country and who is interested in the fisheries of Atlantic Canada. May I also pay my respects to you, Mr. Speaker, for the excellent job you have done during the past three days. I hope that you are not trying to take the job away from Senator Lapointe.

In scanning the debates in the other place, I noticed that repeated criticism was made, by most participants concerned with fisheries at both ends of our country, of the fact that the establishment of a Department of Fisheries and Oceans was included in the omnibus type of bill we have before us. They felt it should have been dealt with in a separate bill rather than being included in a hodge podge of various sections dealing with 10 agencies or departments, or elements of same, including the setting up of a separate Department of the Environment.

The bill repeals the Representation Commissioner Act, abolishing the position of Representation Commissioner and putting his duties under the Chief Electoral Officer.

The bill allows parliamentary secretaries to remain in their jobs when their ministers resign, whereas now they have to resign when their ministers do. I am sure that no senator quarrels with this aspect of the bill.

The bill brings the employees of Canadian Patents and Development Limited under the Public Service Superannua-

tion Act, and it allows certain research councils to appoint and classify staff without ministerial approval.

I see no quarrel with Parts IV, V, VI, VII, VIII, IX and X of the bill, which seem to be housekeeping measures, although I have some reservations about allowing the bureaucracy to appoint and classify officials and staff without ministerial approval. This allows too much room for straying from responsible practices of appointments, and it could get ministers into embarrassing situations.

In this regard, I hope that when we reach the committee stage we can explore those sections which may leave some doubts in the minds of members. I am pleased also, in this regard, that my colleague Senator Phillips will be speaking to the bill later this afternoon.

Part II of the bill contains some important factors. I refer to the abolition of the Fisheries Research Board and the substitution of a Fisheries and Oceans Research Advisory Council. It also increases the number of its members from 18 to 24, allowing for wider representation. I am pleased to note that the Council shall include "fishermen and persons from the general public". Honourable senators, these people must have a strong voice in the future determination of policy, a voice that for too long has remained unheard.

● (1420)

Already, however, if I read the bill properly, there appears to be a contradiction in that it states that the Chairman of the Council will be appointed by the Governor in Council, and the other members by the minister. Yet, as I indicated earlier, under Parts VI, VII, VIII and IX, the bill seeks to allow the council to appoint its members without ministerial approval. Perhaps that, too, can be explored in committee or explained by my good friend the sponsor of the bill, Senator Riley.

I am pleased that Senator Grosart agrees with the government side that this bill should go to a Committee of the Whole, where we will be able to explore the unexplained portions of the bill.

Dealing with Part I of the bill, it is gratifying to note that we have come full circle since the government, in its wisdom, decided to combine the departments of fisheries and forestry under the Department of the Environment. This caused much needless controversy, but we are now back to square one with the recognition that fisheries is a very important part of our economy. It is regrettable that it has taken so many years to realize just how valuable our fisheries resources are. We allowed them to be exploited by foreign nations, but now, through necessity rather than good sense, we are on the road, hopefully, to realizing the full potential of these resources, and with good planning our fisheries will provide a more prosperous foreign trade and a good livelihood for our fishermen. Our fishermen have suffered for too many years from lack of leadership, being barely able to eke out a meager existence from their back-breaking labours in small fishing dories.

For too many years the exploitation of this resource has remained at a standstill while foreign nations have modernized with massive factory ships. We are now having to follow their example instead of their having to follow ours. These foreign countries literally vacuumed up this resource, while fishermen in Newfoundland and in other parts of Canada were being urged to burn their boats and forget about fishing. Is it any wonder that our fishermen today cannot understand why they are unable to get a licence to fish? Fishing has been a traditional way of life for hundreds of years for a great many of our people, but suddenly, because of the raping of our stocks, we now have to restrict the granting of licences to harvest lobster and other species. Our fishermen wonder why they have to abide by quotas that had to be prescribed until the stocks could be replenished. These stocks should never have been allowed to deteriorate in the first place, but we are now compelled to try to overcome the mistakes of the past.

Fortunately, as the Minister of External Affairs indicated the other day, we have bottomed out. Now, with the establishment of a 200-mile limit, with a strong sense of purpose and continued careful planning, we are recovering to the point where the most pessimistic of our fishermen have a new vision of the realization of the quality of life they were promised so many times over the years.

Despite the misfortunes of the past years it is important that we should stop looking back. Barring unforeseen crises that seem to occur every year, the Canadian fisherman, with the support of government leadership, can play his part in restoring our resources, and he will thus be enabled to enjoy a small piece of the prosperity that he is beginning to see on the horizon, even though he is still full of doubts.

Honourable senators, I have no hesitation in commending the present Minister of Fisheries and the Environment for his direction with respect to the transformation that is taking place in our fisheries. I also commend his predecessor, Jack Davis, who, back in 1968, 1969 and 1970, prodded by members of Altantic Canada and western Canada, had the guts to firmly impress on the government the value of our resources. He argued that the government had to show a firm hand in dealing with our competitors, and that we had to control and manage our own marine resources for the benefit of our own people.

Neither have I any hesitation in commending the efforts of the officials in the department who, despite protest and criticism, have shown dedication, pride, understanding, expertise and co-operation in dealing with the many problems brought to them by members of whatever political stripe.

Honourable senators, I think too little is known about the departmental team from both the Department of External Affairs and the Department of Fisheries who continue to serve at the Law of the Sea Conferences and who have worked tirelessly at those conferences. They are unknown, dedicated Canadians who were instrumental in Canada's achieving the Law of the Sea, and they have immeasurably enhanced Canada's standing among world nations.

Too little is known about the sensitive ongoing negotiations that still remain to be resolved in the sharing of our other marine resources which are in abundance outside our 200-mile

limit. We can feel assured—as I have felt in my many trips to Law of the Sea Conferences—that benefits from the seabed can accrue to Canada. They are in the capable hands of Mr. Allan Beasley and his competent staff.

For fear of reprisal from my leader for throwing out bouquets, let me make it clear that our party will do a much better job and will progress much more rapidly in the very near future, but it is common courtesy to soften the blow of defeat that the government will be facing in the near future.

A separate Department of Fisheries and Oceans will allow the minister to direct all his efforts towards the build-up of the fishing industry. The structure of the new department will enable the minister to oversee all sectors of interest.

We are continually warned that the extension of our 200-mile limit should not be considered as the end of our fishery problems. I have to agree, but certainly since its inception, great strides have been made, in spite of the government, to manage our stocks so that they are now being slowly replenished after a long period of deterioration. Hopefully, with effective management control over most of the fishing grounds, a new era of prosperity looms on the horizon for Canada's hard-pressed fishing community scattered across Canada. Certainly, in the two years since the establishment of our 200-mile zone, fisheries has become big business and has reached the magic billion dollar mark in market value.

One of the publications I like to read each year is one put out by the Fisheries Prices Research Board, which states:

> The establishment of a 200-mile fishery-management zone in 1977 opened a new era in the commercial fisheries of Canada. Through bilateral and international negotiations, as well as by the introduction of a comprehensive enforcement plan, a management régime for the zone was initiated smoothly and effectively.

I do not particularly agree with those words. It was not that smooth, and it has not been that effective. However, the publication further states:

> Strict conservation measures to restore depleted fish stocks and programs to sustain the weaker segments of the chronically troubled fishing industry continued in place. The quantity of landings, the value of production and of exports showed improvement, indicating that the Canadian fisheries were on the path to recovery.

● (1430)

> Landings on the Atlantic coast were slightly more than 1,000,000 tonnes in total, with a value overall of $283 million, an increase of 14 per cent in quantity and of 29 per cent in value terms. Groundfish landings in the region were well over 500,000 tonnes, reflecting substantial increases in catches in cod, haddock and turbot.

But we should not be too enthusiastic, because redfish landings were down as a result of smaller quotas in the Gulf of St. Lawrence, which is an example of the way we have to replenish our stocks by conservation. However, the increase in gross terms to primary producers of groundfish was close to 30 per cent over the 1976 level.

Moving to the other part of the country, to our good friends on the Pacific coast, we can see that landings in the fisheries on that coast increased in 1977 to 205,000 tonnes, worth $168 million, from 181,000 tonnes valued at $142 million—an increase of 13 per cent and 18 per cent respectively over 1976. Increases in catches of salmon, herring and certain ground fish species and price rises from salmon and herring, particularly the latter, accounted in the main for the improvement in performance. Somewhat higher prices for halibut, however, were insufficient to compensate for a further decline in the catch of that species.

On a positive note the situation looks good, if we use cautious optimism and careful planning to reinforce the success we have, rather than repeat the complacency that has existed over the years in dealing with the valuable protein-filled resource that we in Atlantic Canada have been reminding the government of for so many years.

Certainly I see, in my ten years of visiting the northern isolated communities of Newfoundland and Labrador, it is transforming the small isolated fishing communities into maturity in Atlantic Canada. The progress in that part of the country has injected new life into the fishery departments of provincial governments and a new sense of purpose. I do not absolve my government in Newfoundland, the present Progressive Conservative government, nor indeed the government that existed in the past, for the lack of realization and the complacency they showed in dealing with that valuable resource.

In Newfoundland, for example, in the past one and a half years more money has been spent on fisheries than in the years since Newfoundland joined Confederation to 1971. In that 23-year period, total expenditure was $25.7 million, yet from 1972 to only the present time the expenditure has been $85 million. The new emphasis on and encouragement for fishing is resulting, too, in more money being invested by the private sector, so we have injected a sense of purpose in the private sector, and estimates indicate that investment by the private sector could reach some $300 million in the next five to eight years.

I mention Newfoundland, honourable senators, because that is the part of our country I know best, and because that province was a fishing area long before it was anything else, and it will remain a fishing country long after it is anything else. That is why the fishery is so much more important to us proportionately in terms of population, employment and community impact than it is to our neighbouring provinces in Atlantic Canada. Over 100,000 Newfoundlanders depend, directly or indirectly, on the future of the fishery. If I can quote from one of the pamphlets put out by the Minister of Fisheries for the Province of Newfoundland, it said:

● (1440)

> The sea will be to Newfoundland and Labrador what the oil fields are now to Alberta—except that the sea will be there when the oil fields are dried up.

Just as the have-not province of Newfoundland realizes its responsibility to show leadership in developing and encourag-

ing the fishing industry in every way possible, with her sister provinces of Prince Edward Island, Nova Scotia, New Brunswick and Quebec joining her, so must the federal government show leadership in the development of that valuable, protein-rich food which is in such demand in the world, and it is finally doing so.

One of the most serious criticisms I have made respecting fisheries over the years—a criticism repeated by my colleagues from the Atlantic provinces—concerned its insufficient budget. I can only hope that the federal government sees the need to reinforce the significant success we have seen over the past two years.

I am willing to take the minister's word that we do not, as yet, need the massive trawlers that the Atlantic premiers want to start building. I am willing to take the minister's word, on the matter of fleet expansion that the premiers are advocating, that it is premature because our existing fleet cannot take 50 per cent more than it is taking now. We must remember our ships are getting older and are deteriorating. We must start planning and looking to the next 10 years, a time when the experts tell us we will have that prosperity in the fishing industry.

I am also willing to believe the minister when he states that we cannot take advantage of the underutilized species until we have a breakthrough in market development, but I should like to ask the minister what we have been doing over the past 25 years in utilizing the species that we knew were available in abundance?

One example of that is that we were standing by studying our capelin potential while the Norwegians were processing that species on factory and feeder ships right before our very eyes and readying the product for markets in Japan. All we had to do was ask the Norwegians about it at a cocktail party and they would have told us.

We were neglecting the schools of mackerel, mackerel so numerous that you could walk on them, but we were refused the support in respect of prosecuting mackerel fishing which today, we find, is a valuable marine resource.

Yet, as to the known value species such as the cod, we neglected our fishermen and failed to protect them while we allowed foreign draggers to rape our stocks, even within our 12-mile limit. The excuse given by the federal government was that it did not have enough money to expand its patrol capability.

And is it not strange to read in the 1977-78 annual report of the Fisheries Prices Support Board the following sentences:

> Imports of fishery products into Canada increased by 21 per cent, to $221 million in 1977. An increase of over 20 per cent was recorded for fresh (chilled) and frozen products. The United States continued to be the major source of supply of imported fishery products, followed by Japan, Cuba and the European Economic Community in that order.

I venture to say, and I would bet, that most of that $221 million of fishery products was our raw fish which we exported, and which we bought back processed at probably 10 times the price. A perfect example of the cheapest kind of fish is herring. As honourable senators know, a one-and-a-half ounce bottle of herring costs approximately $1, although it is sold to foreign countries for approximately one or two cents a pound.

What was our government saying when the fishermen were screaming for small craft harbour facilities, and were breaking their backs dragging their boats ashore and begging members of Parliament for help? The government said that it was sorry; that it recognized the need but its budget was too small.

Despite criticism of the Canada Works Program, I say that over the past five years we should thank God for the Canada Works Program, because it was only under that program, which had the money, that fishermen were able to apply for funds to build their own facilities and, indeed, the Ministry of Fisheries and the Environment recognized that and helped them in that regard with capital expenditure.

What was the government doing over the years when our delightful salmon rivers were being poached and ravished? They closed the rivers for the want of a few more river guardians. What did the government say? It said that it had no money in the budget, yet the part-time guardians who were laid off because of those budget restrictions were still able to collect two-thirds of their salary on unemployment insurance.

Honourable senators, I indicated earlier in my speech that we were slow learners, but no doubt we have learned our lesson. While we were fiddling in Canada studying the fishing industry, our fishery industry almost deteriorated to obsolescence. Thank God we had the guts, through prodding, to unilaterally declare a 200-mile zone which will revolutionize the industry.

I want to make it clear that I do not blame the minister or his officials, because I know how he has appealed and begged for increases in his budget; for more money for small craft harbours, research, search and rescue and everything that will protect the fishermen and give them the infrastructure they need so badly. However, I must put the blame on the short-sightedness of the government that is in power.

Certainly, however, without spelling doom and gloom, the creation of the Department of Fisheries and Oceans is a forward step. Certainly, as a result of the 1976 policy paper which establishes objectives and strategies, we can go on to make further progress. It elicits the need for resource management to ensure not only a sustainable yield but also to recognize the need for the industry's impact, not only for economic purposes, but also—and this is more important—to improve the standard of living of the many hundreds in the isolated and remote areas in northern Newfoundland and Labrador, and certainly in many other parts of the country.

Honourable senators, I should now like to deal with harvesting. That same document advocates the need for systems of balanced access to ensure stability of the resource and improved incomes for fishermen. It advocates improvement in fishing gear and practices and ensures the viability of appropriate fleets, depending on the nature of the fishery. In proc-

essing, the document advocates quality, full utilization of the resource, and arrangements for the distribution of catches, particularly during drought periods, to plants in areas where catches are low, in order to extend the working time of the plant.

In marketing, we have been a dismal failure. I indicated imports of $221 million. This proves that we are not marketing our fish properly, nor are we getting our dollar value out of the fish by selling it abroad.

As an aside, I should like to see when I travel to Newfoundland—and I travel there quite often—Air Canada using fish on their menus rather than the cold plates it serves to its passengers as though they were refugees. Indeed, they should be ordered to serve fish when going to Atlantic Canada and, possibly, to western Canada.

One of our most vital needs in planning priorities must be directed toward a protective capability. Too many of our fishermen in Atlantic Canada have gone out and faced the dangers and never returned. This emphasizes the need for a build-up of our search and rescue capability. Every year I know, just as sure as I am standing here, that the fishermen are not going to be able to get out to the grounds because of ice and yet, after prodding and pleading for more ice-breaker service, we are told that the government does not seem to have the money to provide more. And yet the ice-breaker service is deployed in Halifax and Quebec, when 90 per cent of the incidents occur in Newfoundland. I am not saying that all the ice-breaker service should be moved to Newfoundland, but certainly during that part of the season when an ice-breaker can be utilized one should be stationed, located or deployed in the province of Newfoundland.

● (1450)

We must have an expansion of our lifeboat bases. Too many fishermen have lost their lives because of the scattered nature of the lifeboat bases on the west coast of Newfoundland and indeed in Nova Scotia, Cape Breton, New Brunswick and Prince Edward Island. Too many incidents of loss of life make us feel sorry after, and I hope that the minister—and I know he would want to do it—and the government will realize that to reinforce the potential we have to reinforce the support services to the fishermen of Canada.

If I may, I should like to turn now for a moment or two to the other important aspect of the bill, Part III, which creates as a separate entity the Department of the Environment, which not only equals in importance the fisheries, but reflects responsibility towards Canada's most valuable resource, or indeed one of its two top resources, the forests of our nation.

One of the members of the other place criticized the fact that all we hear about in the House of Commons is fish, but our forest products are so much more valuable. That is true. But it does not mean that we do not realize the potential of an underutilized resource such as fish and how best to utilize it for the benefit of Canadians and for the benefit of our nation.

The forest resource supports 300,000 Canadians directly, and up to 700,000 jobs indirectly in secondary manufacturing and service industries. The forest products industry in Canada is the leading commodity sector in terms of sales, employment, exports earnings and regional dispersion. Yet again the government does not seem to want to realize the dangers that exist in the forest industry. Canada's share of world export markets for forest products has decreased from 31 per cent to 19 per cent in the last 20 years while the share of the United States—our best customer—has increased from less than 9 per cent to more than 12 per cent.

These are all figures which are very boring, honourable senators, but we see the Export Development Corporation and the Canadian International Development Agency and the other agencies which are granting guaranteed loans to other countries to build paper mills, to support their pulp and paper industry, and the only excuse they can give is that if we do not do it somebody else will. We should become more competitive and we should put more money into research and we should be supporting the main industry that has held Canada together for so long, the pulp and paper industry, which is so vital and for which we have such abundant resources.

Even though the two departments will be separated under this bill, there will have to be a close co-operation and co-ordination between the Minister of Fisheries and the Minister of the Environment. I hope, honourable senators, in order not to prolong the debate, that we can discuss other matters in this bill in committee.

But I see many other dangers. I agree with the experts that we cannot take for granted that we are going to have prosperity on our seas. Sensitive negotiations are taking place between Canada and France on the allocation of quotas and the allocation of boundaries. We have right in our midst in Newfoundland the little islands of St. Pierre and Miquelon which also have rights, and there have to be sensitive negotiations with them to make sure that the median lines are fair to all. Then we have the Canada-U.S. negotiations still going on. These are vital to the fishermen of Canada and certainly to our neighbours on both the east and west coasts.

There are many other areas in the fishing industry, but in order to try to complete the debate on this bill, I think I can be excused if I do not mention them. This is a reorganization bill and is not a bill concerning fisheries policy, and there will be other opportunities to elaborate on and delve into fisheries problems.

So, honourable senators, I agree wholeheartedly with this legislation, because along with my colleagues I have been saying that the importance of our fisheries should be recognized by the setting up of a separate department. Even though there have been many delays, that step is now finally being taken. I am sure that with correct planning and with co-operation between the federal and provincial governments, and with the latter recognizing their responsibilities on a provincial basis, and with Canada realizing the potential on the federal and international basis, we can get those jobs we are looking for; we can provide that quality of life to Canadians that they are looking for, and, in the end result, it is to be hoped that we will have a better Canada.

**Hon. Orville H. Phillips:** Honourable senators, throughout the debate on Bill C-35 in the other place there was very little mention made of oceanography as a scientific field. Canadians are approximately 15 to 20 years behind the Russians in this field and, in fact, most of our research work has consisted of attempting to train scientists to become sufficiently proficient in the Russian language that they can translate and understand the articles published there.

Even before Bill C-35 was introduced, the minister announced that there would be cutbacks in the fisheries research stations and the Oceanography Institute on both the Atlantic and Pacific coasts. For some reason the fisheries research station at Ste Anne de Bellevue seemed to have a higher priority in that it received less drastic cutbacks than those on the Atlantic and Pacific coasts. I am not all that familiar with Ste Anne de Bellevue. The few times I have visited there I did not see very many draggers or lobster boats docking in the parking lots at the shopping centres. I would appreciate it if the Honourable Senator Riley, who sponsored the bill, would give us further details on the cutbacks to both the oceanographic programs and the various fisheries research stations and programs that have been affected.

● (1500)

When the head of the Anti-Inflation Board was appointed head of the Fisheries Research Board, I expressed concern that we either had an accountant heading the Fisheries Research Board or that we had had a fisherman heading the Anti-Inflation Board. Since that time, the indications are that we now have an accountant in charge of fisheries research—and that is a matter which causes me great concern.

Part II of the bill provides for the establishment of a Fisheries and Oceans Research Advisory Council. During the dominion-provincial conferences on the Constitution, the Atlantic provinces in particular urged that the provinces be given a greater say in the control of fisheries. Obviously their pleas fell on deaf ears because the clause governing the constitution of the council does not provide for provincial representation. This would have been a golden opportunity for the provinces to make an input into the federal program.

Clause 6 authorizes the minister to enter into agreements with the provinces respecting the carrying out of programs for which the minister has responsibility.

The federal minister met with his provincial counterparts in the Atlantic provinces to establish cod quotas. The ministers were barely back in their offices when the minister announced an entirely new program, new quotas, and a new basis of distributing the quotas between Quebec and the four Atlantic provinces.

Honourable senators, it is very seldom that I find myself in agreement with a Grit. I seem to take particular pride in avoiding that situation. However, in this case I find myself in agreement with the Minister of Fisheries of my province—who, incidentally, is the only Grit provincial minister of fisheries—who protested to the federal minister by telephone and telegram. He said the difficulty was that both the minister and his officials were slow learners. If that criticism were in the form of a motion, it would be most easy to support.

The quota of 12,000 tonnes of codfish in Atlantic Canada is not extremely high. The department says it is necessary to keep this down to conserve the species. But recently on TV I heard a biologist from the Department of Fisheries discuss the seal hunt. He was very careful to explain that the number of seals would gradually be increased by 250,000. Honourable senators, each seal eats 10 pounds of fish per day, and it is not very difficult to understand that there is a certain amount of competition between the seal and the fishermen. In my opinion, the department is leaning a little too much toward the seal. I would rather see the fishermen and their families receive more consideration.

In his introduction and explanation of the bill, the sponsor made no mention of agreement with foreign countries on quotas. It is difficult for me, as a representative of the Atlantic provinces, to understand why we must have communist nations, such as Poland and East Germany, assigned quotas within the Canadian resource management limit. Perhaps this is partly due to the fact that our trawlers are not equipped to operate in ice. For some time we have been waiting for the government to announce a policy in this regard.

Perhaps it would be unfair to suggest that a number of these things may have been delayed so that they can be produced as election promises. That, honourable senators, is a distinct possibility. It has now become a rather ridiculous situation, and it is high time that Senator Davey soaked the Prime Minister's cold feet in hot Epsom salts and told him to get out and face the electorate, so that we could get on with attempting to solve a lot of these problems.

**Senator Steuart:** Do the same thing to Joe's head.

**Senator Phillips:** The honourable senator's head is not in as fine shape as Joe's, so I will disregard his remark.

Part III defines the responsibility of the Minister of the Environment. Clause 5(a)(ii) states that renewable resources, including forest resources, are the responsibility of the Department of the Environment. The minutes of the Fisheries and Forestry Committee of the other place show the Minister of the Environment stating that the federal government has no agreement with British Columbia and there will be no forestry permits issued until it is guaranteed that the salmon fishery has been protected. On the same day, the Province of British Columbia announced that it was going ahead with granting forestry permits anyway.

We now have a situation, honourable senators, where before the bill becomes law the federal government is in dispute with the provinces on the Atlantic and Pacific coasts. If this keeps up we will have to amend the bill and put in something of the nature of a golf handicap before it receives royal assent.

Parts VI to IX amend the statutes that establish various councils, such as the Medical Research Council. Senator Marshall has already mentioned this. I am concerned that the councils can decide whom they want to hire and the terms on which they wish to hire these individuals. There is really no

reason why, once the council members are appointed by the federal government, the Public Service Commission cannot do the hiring. It could also establish the classification and the salaries. That would put individuals working for various councils on the same basis as the rest of the public service.

I would like to know from the sponsor of the bill how many would be employed by the various councils mentioned in the bill, and the terms of their employment, including their pension benefits.

• (1510)

Part XI of the bill causes me some concern. Last year we caught the Department of Fisheries in some very irregular practices, including vote netting. This section gives the minister authority to transfer funds from one specific purpose to another. Admittedly, it is only for one year, as I understand it, but I would like to hear from the minister the manner in which this authority will be carried out and, in particular, why the minister feels it is necessary.

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

**Hon. Guy Williams:** Honourable senators, while I support the motion for second reading I do have some doubts about the bill that is before us, and I am reluctant to go along with it in its entirety. Having been connected with the fishing industry for most of my life, I do know a little bit about the problems of the Pacific coast fishermen.

The problems encountered on the Pacific coast differ from those encountered on the Atlantic side of our great country. For instance, there is a problem in connection with herring because the one-, two- and three-year-old herring intermingle, and the herring does not reproduce until it is in its third year. We are catching the one- and two-year-olds and we are, in effect, "killing the goose that lays the golden egg". Not too long ago we fished the herring to near extinction. Some of the Pacific coast fishermen moved to the Atlantic coast and did almost the same thing in those waters.

It is the golden dream of Pacific coast fishermen that one day in our country we will have a Minister of Fisheries to represent the Pacific coast—that is, that we will have two ministers, one representing the west and one representing the east, so that the needs of both fisheries would be met. This would be to the benefit of the industry as a whole.

Somewhere along the line someone made a human error and we lost large schools of herring. The officials did not call upon the fishermen to help locate these schools of herring. Then, overnight, the herring started spawning and the fishermen could not fish them. Now there is a danger that there will be an overspawn in the two main producing areas, and when there is an overspawn it is just as bad as a underspawn which happens when the eggs are deposited on material such as seaweed and rocks, and they are starved of oxygen because of a lack of circulation of water. Underspawning can be avoided. There is far too much remote control of the fisheries from the back rooms and offices when, in fact, people should be out and about trying to understand the environment that exists.

As I have said, I do agree with this bill in principle, but I still have doubts whether this move of taking a great deal away from the Department of Fisheries and moving it into the Department of the Environment is going to be useful.

**Senator Grosart:** Honourable senators, as I understand it, if Senator Riley rises now his speech will have the effect of closing the debate. I wish to direct a question to him in respect to what he may move in connection with further consideration of this bill. I ask him now if it is his intention to follow the suggestion made by the Deputy Leader of the Government yesterday that this bill go to a Committee of the Whole?

**Senator Riley:** I will answer that question simply, and in one word, before I speak—no.

**Senator Grosart:** In that case, honourable senators, I move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### CONSIDERATION OF SIXTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Sixth Report of the Standing Joint Committee on Regulations and other Statutory Instruments which was tabled yesterday.

**Hon. Eugene A. Forsey:** Honourable senators, this report, as you will doubtless have noticed, has to do, once again, with this hardy perennial of increases in postal rates of somewhat dubious legal validity—and worse than dubious, impropriety. It will not take me very long to deal with it, I think, but I should first of all draw to the attention of honourable senators that in the English version of the report in yesterday's *Minutes of the Proceedings of the Senate* there is a serious error—a whole line has been left out.

[*Translation*]

One of the advantages of having even a limited knowledge of the other language as I do is to be able to read the French text and correct mistakes which may appear in the English version.

[*English*]

The omission in the English text comes in the third paragraph of the report at line 5.

**Senator Grosart:** What page is it, please?

**Senator Forsey:** It is page 351 of the *Minutes of the Proceedings of the Senate.* It should read as follows:

> Your Committee deplores the persistent defiance of Parliament by the Crown in the setting of postal rates. Your Committee's objection to the way in which the Crown has proceeded in 1976, in 1978 and again in 1979 is based partly on *vires,* since the *Post Office Act* is a special Act—

And then a whole line is omitted. It should continue:

> —and the *Financial Administration Act*, section 13 is a general act—

Then comes the parenthesis:

—(and prior to the *Post Office Act* as regards the letter rate)—

[*Translation*]

The French is entirely correct, but the English has that somewhat disastrous omission, shall we say.

• (1520)

[*English*]

This is an old story, of course. We have had this raising of the postal rates now three times with, as I say, very doubtful legal validity, and with, in the unanimous judgment of the committee, complete impropriety. The validity of the crown's action under section 13 of the Financial Administration Act has been upheld at first instance in the Trial Division of the Federal Court. I think an appeal has been launched. Whether it will be prosecuted I cannot say, though I am afraid it is rather unlikely, as the appeal is being taken by the publishers, who have meanwhile concluded some kind of agreement with the Secretary of State's Department for subsidization of their enterprises, so that the increase in postal rates on newspapers and periodicals will not hit them as it otherwise would. In any event, there is this judgment of the Trial Division of the Federal Court, which upholds the crown's position on the law, though our committee, I think, in general is still very dubious about it, and is inclined to think that on appeal the judgment of the Trial Division might be set aside.

Nonetheless, even if the technical legality can be sustained, the main point is that it is really grossly improper that, when Parliament in a special act sets out the rates, and especially perhaps the letter rates, in detail, specifically and explicitly, this should be overridden by the executive making use of section 13(b) of the Financial Administration Act, which any layman at least would say was really intended to deal with certain matters coming under paragraph (a) of section 13, and which Parliament almost certainly can never have contemplated being used to override the explicit provisions of the Post Office Act.

The situation is made worse, of course, by the fact that the committee has drawn attention to the matter three times. The fourth report, for the 1977-78 session, was unanimously concurred in by both houses. I think I drew this to the attention of the house the other day. It was unanimously concurred in, with at least some of the ministers sitting there and not so much as blinking an eyelid, apparently. The committee felt it was absolutely essential, perhaps especially with the probable near approach of the end of this Parliament, to draw the attention of both houses once again to the impropriety involved in these proceedings, and to ask both houses once again to affirm that impropriety, so that this kind of practice will be discouraged in future, so that at last perhaps the lesson the committee has been trying to teach to the officials and to the ministers will penetrate and will have some effect.

That is why I venture to take up the time of the Senate, even in the present situation, relatively briefly but with great emphasis, in asking you, honourable senators, to concur in the Sixth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I understand that the same motion is being made in the other place.

[Senator Forsey.]

On motion of Senator Langlois, debate adjourned.

## THE GENTLEMAN USHER OF THE BLACK ROD

### MOTION TO APPOINT SPECIAL NOMINATING COMMITTEE— DEBATE ADJOURNED

**Hon. Daniel A. Lang** moved, pursuant to notice of Wednesday, March, 7, 1979:

That a special committee of the Senate, consisting of three senators, be appointed to search for and nominate a person to serve as Gentleman Usher of the Black Rod; and

That, notwithstanding rule 66, the committee be composed of the Honourable Senators Flynn, Molson and Perrault.

He said: Honourable senators—

**Senator McIlraith:** I wonder if I might—

**The Hon. the Speaker** *pro tem:* Is the Honourable Senator McIlraith rising to a point of order?

**Senator McIlraith:** No, Mr. Speaker, I merely wish to ask the mover a question, because I notice the form of the motion reads: "nominate a person . . ." I understand that the British North America Act requires the Governor General to exercise the function of appointing the Speaker. Is that correct or not?

**Senator Lang:** I am not dealing with the Speaker; this motion is with respect to the Black Rod, and with respect to the Black Rod the answer is no: there is no statutory authority. It is done under the royal prerogative. I hope this will become clear during my remarks.

**Senator McIlraith:** That is the only point I wanted to make.

**Senator Lang:** Honourable senators, the purpose of my motion today is to bring before you what I consider to be a constitutional anomaly that affects this chamber. By my moving this motion I hope in some way to rectify or mitigate the usage and custom by which the royal prerogative is exercised with respect to the appointment of the Gentleman Usher of the Black Rod.

I know honourable senators are all too familiar with the frustrations that have dogged Parliament almost since 1867 in connection with constitutional reform, and particularly the frustrations we have experienced during the last ten years with this government. Please do not think I am suggesting that the subject of this motion is of any magnitude in constitutional terms, but I do think it has a high symbolic significance.

• (1530)

If we are to have any hope of reforming this institution, either internally or externally, we should be able to deal with a matter as close to home as this, representing, as it does, in my opinion, a self-evident anomaly. By doing so, I think we will be taking a very small first step in the direction of reformation.

Honourable senators are aware that there are three officials in this chamber who are appointed by order in council, namely, the Speaker of the Senate, under section 34 of the British North America Act; the Clerk of the Senate, under section 38 of the Public Service Employment Act; and the Black Rod, under no statutory authority, but by virtue of an ancient and long-standing exercise of the royal prerogative.

We, of course, are fully aware that we are facing the imminent dissolution of this Parliament and, based on years of precedent, one can almost predict with certainty that, notwithstanding the outcome of the intervening election, when a new Parliament convenes there will be new incumbents in this chamber in the person of the Speaker and the Black Rod.

Honourable senators, I suggest that, because of the method of appointment that has pertained over the years, we in the Senate will be faced, in fact, with a fait accompli with respect to those appointments and without having had any input as a body as to the selections.

I feel I do not have to say this, but I must put it on the record. My remarks have nothing to do whatsoever with the capacities, abilities and merits of the present Speaker and Gentleman Usher of the Black Rod. I do not think we ever, in our history, have been served so well as we have been by the present Speaker and Black Rod. We are doubly indebted to the Black Rod for staying on, presumably beyond his retirement date, and up and until the dissolution of this Parliament.

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

**Senator Lang:** What I am hopeful for is a small first step toward becoming "maître chez nous" in our own chamber.

This afternoon I intend to deal briefly with the office of the Gentleman Usher of the Black Rod. It is interesting to note the extent of his responsibilities. First of all, he is responsible for the co-ordination of the protective staff, the pages, the cleaning staff, the maintenance staff, the repair staff, moving staff, barber and other services. Reporting to him with respect to those responsibilities is the Assistant Gentleman Usher of the Black Rod. In addition, of course, we are familiar with the more apparent ceremonial responsibilities carried out by the Black Rod. He has a major responsibility at the opening of Parliament in connection with all ceremonial functions that take place on that date and, of course, he has the day-to-day function of being in this chamber in his capacity as Sergeant-at-Arms, an office that I will refer to in a few moments.

So, we are talking about a job classification which is really and basically very important to us in the chamber. That office affects the quality of all the services that are provided for us. In fact, the Black Rod could really be described as the deputy chief executive officer of this institution. He reports only to the Clerk of the Senate.

I have received a letter which I should like to put on the record. It was written by Mr. Purves of the Research Branch, Library of Parliament. I find the letter very interesting, and feel that it should be placed on the record of this house. I might also add that our Law Clerk, Mr. du Plessis, has gone over the letter and the legal implications therein. He has reported to me that in his opinion they are all correctly stated. The letter reads:

> The right to appoint the Gentleman Usher of the Black Rod is part of the royal prerogative which in Canada has traditionally been exercised by the Governor General on the advice of the Prime Minister.
>
> The history of the office of Black Rod is an ancient and honourable one going back to the founding of the Order of the Garter in 1361 by Edward III. It was not until the reign of Henry VIII, however, that the Black Rod was made chief of all the Ushers of the Kingdom to have care and custody of all the doors of the "High Court called the Parliament." Since the ancient decree establishing the office says it must be filled by "a gentleman famous in arms and in blood", it is traditionally bestowed on retired officers of the armed forces. In Britain today the appointment is made by the Sovereign after consultation with the "appropriate authorities." These appropriate authorities would certainly include the Lord Chancellor among whose duties is that of presiding over the debates of the House of Lords.
>
> The B.N.A. Act does not refer directly to the appointment of the Black Rod, but its preamble does state the intention that the Canadian Constitution be "similar in principle to that of the United Kingdom." It might be argued therefore that the Crown in right of Canada should also consult the "appropriate authorities" before making the appointment. The Speaker of the Senate, if British practice is followed, would be among the foremost of these authorities.
>
> On the above basis, it would be proper for the Senate to advise the Speaker of a suitable candidate or candidates and to urge the Speaker to raise the issue of the appointment with the "appropriate authorities".

My purpose this afternoon is not to try to bring about immediate constitutional change, even in this small regard, but rather to create a format whereby the Senate as a body can have direct input into the choice of a new Black Rod. In other words, a committee of this house should nominate a person or persons to be considered by the "other authorities" and this nomination should be provided to our Speaker and, through our Speaker, to the "other authorities" in addition to herself.

● (1540)

I submit, honourable senators, that such a nomination could and would be highly regarded by the "other authorities". In fact, I doubt whether the "other authorities" could or would wish to act otherwise than in accordance with such nomination, if that nomination were a unanimous or even a majority recommendation from this chamber. If a nomination from us were so accepted once, and on a further occasion was again so accepted, over the years a constitutional precedent could very well become established and gradually hardened into *lex et consuetudo Parliamenti*. That, of course, would exemplify the constitutional evolution that has been the hallmark of the Westminster model for a thousand years, and I submit that

really basically constitutional reform to be meaningful, lasting and serving its needs, should be accomplished through evolution and not through statutory revolution as exemplified by Bill C-60.

Before closing, honourable senators, I should like to trespass on your time for a few more moments to draw to your attention two speeches that were given in this chamber on another occasion. I discovered these quite accidentally when I was researching the matter in question, and I thought they were too priceless not to pass on to you, and particularly because they rather exemplify the cement shoes into which we seem to be hardened in this chamber with regard to any change whatsoever. I might also add that I discovered that there was a debate in this house on May 6, 1868, and the motion before the house at that time was as follows:

> That it is desirable that the Senate should have the selection of its own Speaker at the opening of each Parliament, and whenever a vacancy shall occur.

I suggest, honourable senators, that it would be worthwhile if all honourable senators read that debate for its historic value and for the rather amusing asides coming from the other senators. Eventually the motion was withdrawn, the argument being that the union was only a few months old, we hardly knew where we were going, we had not had any experience under the system and it was desirable "to put it off until the next session and then we will get it cleared up."

**Senator Langlois:** Who was the mover?

**Senator Lang:** Mr. Letellier de St. Just.

Now, honourable senators, I would like to turn for a moment to *Hansard* of 1926. I was trying to trace the evolution of the office of Sergeant-at-Arms in this chamber, and I found that initially at Confederation the Black Rod was also the Sergeant-at-Arms. Somewhere in between 1867 and 1926 those two responsibilities were divided, and in 1926 the Internal Economy Committee brought in a report which recommended the abolition of the office of Sergeant-at-Arms, and argued that his responsibilities could very well be carried out by Black Rod.

Senator Poirier, remarking upon this motion, said:

> I notice also that the position of the Sergeant-at-Arms is to be abolished. To an old timer, and I happen to be one of them, this is regrettable. This position is abolished, I suppose, on the assumption that we are all inoffensive, and that no danger can possibly arise from the ire of any of us. That may be a mistake, honourable gentlemen. I remember several occasions, one especially, when but for the intervention of the Sergeant-at-Arms there might have been serious happenings in the Senate. I refer to the time when a fight was threatening between Mr. Ross and Mr. Millar, when one of them was called a toothless old serpent. If it had not been for the interference of the Sergeant-at-Arms and the display of his sword, we do not know what might have happened.
>
> HON. MR. DANIEL: Is that the time there was a reference to a toothless old viper?
>
> HON. MR. POIRIER: Yes, that is the word that was used.
>
> I think it is regrettable that the office of Sergeant-at-Arms should be abolished—not that the Mace Bearer does not do the work very gracefully; he is an ornament to the job; but we are abolishing what exists in the House of Lords, of which we are supposed to be a reflection. Since titles are formed for purposes, I would rather have the gentleman who carries the Mace called the Sergeant-at-Arms, and have that ornamental position retained in the Senate.
>
> HON. MR. MCMEANS: The Senate is going to be abolished anyway.

Honourable senators, if I may be, with your leave, entirely irrelevant, a few remarks were made by Senator Willoughby and Senator Dandurand in that same year concerning the decor of the Senate chamber.

> HON. MR. WILLOUGHBY: As we are speaking of paintings, I should like to say that when I first came into this Chamber, or shortly afterwards, the suggestion was made in certain quarters that possibly the war paintings that now adorn our walls would be replaced by others. We all know that there is a very large number of war paintings that have never found wall space anywhere, but I do not know whether anything has been done in regard to that suggestion or not.
>
> HON. MR. DANDURAND: I understand that those paintings were put here temporarily . . . Of course, I have postponed taking up this question because of the state of our treasury; but, as finances are looking buoyant, I hope that before the end of this Parliament we shall have shown such a constant stream of surpluses that we may go into the proper expenditure for this building.

I thought, honourable senators, that Senator Connolly (Ottawa West) would be interested in that observation, particularly in view of his chairmanship of the Special Committee on the Clerestory of the Senate Chamber.

Honourable senators, I shall conclude now by returning to the motion. I recognize that we are under a time constraint and that dissolution might be upon us at any time. I am completely amenable to any amendment that any senator might wish to put forward as to the content or the wording of this motion, or any additions that might be suitably included. If this motion is adopted it would be a small but first step towards reform in this chamber. And perhaps even with such a small step we might just achieve enough momentum to carry us on to deal with more important and substantive reforms.

• (1550)

**Senator Grosart:** Honourable senators, may I ask one question of the honourable senator who has made the motion? Is the exercise of this particular prerogative of the Crown in any way enshrined—if I may use that word—in an order in council or other non-statutory instrument?

**Senator Lang:** The Black Rod is appointed by order in council, but there is no statutory authority for such order in council. The only authority is the prerogative of the Crown.

**Senator Grosart:** May I suggest that that does not answer my question. I did not ask whether there was statutory authority for an order in council, but whether this was enshrined by order in council, as many prerogatives of the Crown are. I am not speaking to the merit of his suggestion, but merely put the question for clarification.

**Senator Lang:** Every Black Rod in the history of this country has been appointed by order in council, and his salary fixed under that order in council. If that is enshrining a prerogative in an order in council, then I guess that is enshrining a prerogative; but there is no mention of prerogative in the order in council itself.

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, March 15, 1979**

• (1400)

The Senate met at 2 p.m., Hon. Maurice Bourget, P.C., Speaker, *pro tem,* in the Chair.

Prayers.

## BANKS AND BANKING LAW REVISION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS APPENDIX

**Senator Hayden:** Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-15, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof."

I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day to form part of the permanent records of this house.

**The Hon. the Speaker** *pro tem:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*For text of report see appendix.*]

NOTICE OF MOTION

**Senator Hayden:** Honourable senators, I should like to give notice now that on Monday next, March 19, I will call the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-15, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Bank Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof."

## BUSINESS OF THE SENATE

**Senator Langlois:** Honourable senators, I would now ask for leave to revert later this day to Notices of Motions. Perhaps I could explain my reasons for seeking leave at this moment. We are planning to have royal assent some time today—preferably at 5.45 p.m. or, if not then, at 9.45 p.m.—for whatever pieces of legislation may be disposed of this afternoon. We have before us Bill C-35, respecting the organization of the government, and also Bill C-29, relating to housing.

If we do not have royal assent at 5.45 p.m., we shall endeavour to have it at 9.45 p.m. If we do not have it then, we shall have royal assent tomorrow morning. There is a strong possibility that we may have to adjourn the Senate until 11 a.m. tomorrow and have royal assent tomorrow. I am asking for leave to revert to Notices of Motions later this day.

**Senator Flynn:** It all depends on what the motion is. I should like to know what the motion will be. The Senate can sit this afternoon and it can sit tonight. There is no problem with that.

**Senator Langlois:** If we cannot complete today the two bills that I have mentioned, we may have to postpone royal assent until some time tomorrow. I wanted to delay the adjournment motion until I knew what was in store for us tomorrow.

• (1410)

**Senator Flynn:** If the object is to have these two bills passed today and assented to today, I see no problem.

**Senator Langlois:** We do not know. As the day develops, other legislation may come from the other place. According to my information, there is a strong possibility of that.

**Senator Flynn:** According to my information, there is no possibility of that.

**Senator Langlois:** I would not criticize your source of information, because it might be better informed than mine, but I have to rely on whatever information I have.

**Senator Flynn:** You can always ask for leave to revert to Motions.

**Senator Langlois:** That is what I am doing.

**Senator Flynn:** It depends on the motion you are going to put.

**Senator Langlois:** I am asking for leave to revert to Motions later this day.

**Senator Flynn:** I will give leave when you ask.

**Senator Langlois:** I am making my motion now because it could be otherwise if situations do not develop as I hope they will.

Honourable senators, I move that when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, March 16, 1979 at 11 o'clock in the forenoon.

That is the motion I am putting now if I cannot have leave to revert to Motions later this day, because of situations developing in this place and the other place.

**Senator Flynn:** Leave is not granted at this time.

**The Hon. the Speaker** *pro tem:* I should like to know where I stand. The best solution would be to wait until later this day.

**Senator Flynn:** That is why I say leave is not granted at this time.

**The Hon. the Speaker** *pro tem:* I am in your hands.

**Senator Langlois:** I ask that leave be granted to revert to Motions later this day.

**Senator Flynn:** When the motion is put I will grant leave. That is my point. Just leave it for the time being.

**The Hon. the Speaker** *pro tem:* I shall wait before putting the question.

## HEALTH AND WELFARE

### COMPATIBILITY OF NEW HOSPITAL CHARGES IN ONTARIO WITH FEDERAL LEGISLATION—QUESTION

**Senator Haidasz:** Honourable senators, on February 14 I asked the Leader of the Government whether the cabinet was studying or had taken any steps to ensure that the provisions of the Hospital and Diagnostic Services Act and the Medicare Act would be accessible to all the people of Ontario at uniform standards. I ask this question again in view of deterrent fees, extra charges, and the great numbers of physicians opting out of certain provincial medical plans.

**Senator Langlois:** I will take that question as notice.

● (1415)

## ST. PATRICK'S DAY

### TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

**Senator Grosart:** Honourable senators, before the Orders of the Day, and because of the present uncertain circumstances with regard to the sitting of the Senate and, indeed, of the Parliament of Canada, for the remainder of the week, may I be permitted to draw the attention of the Senate to the fact that Saturday is the greatest day in the year, St. Patrick's Day.

**Senator Phillips:** Did you never hear of St. David's Day?

**Senator Grosart:** The Senate has a special eminence in this regard, since it has more Irish-born members than the other place. It is a distinction which is no doubt responsible for the survival of the Senate, and for its prospects in the future.

**Senator Flynn:** Did you say "survival" or "revival"?

**Senator Grosart:** To some, on Saturday, will be recalled the sounds of the winds and the waters of Ireland, its folk songs and folklore, its larks and its linnets, and the green and the orange of Ireland. There will be many of us who will be praying that the day will come when the green and the orange in Ireland will again be united to create there the only Celtic nation in the world, where the Irish language and the Irish culture—the culture of the great Gaels of Ireland, and indeed, the culture that the smaller Gaels of Scotland took from us—still remain.

Honourable senators, I believe it is appropriate that the importance and the greatness of this day be called to the attention of the Senate of Canada on this occasion.

**Senator Langlois:** Honourable senators, on behalf of those of my colleagues who have the very fortunate advantage of being married to a spouse of Irish descent—and this is my own situation—I support entirely what the Honourable the Deputy Leader of the Opposition has just said.

**Senator Thompson:** Honourable senators, I feel that I cannot be outdone by my colleague. There may have been the odd small occasion when we have disagreed with the honourable senator; nevertheless on this occasion of St. Patrick's Day and in view of the eloquence with which he has espoused that great cause, every senator will concur wholeheartedly with him. As one of the smaller Gaels, I should say this, that St. Patrick himself, as we do not admit very often, really did not come from Ireland. The fact is that he had an unfortunate period in Ireland as a captive, but later, on his return, in the true spirit of the Irish, he was taken to their bosom. The Irish have since spread that kind of generosity throughout the world. I say to all, whether Irish or not, "Enjoy the spirit of St. Patrick's Day to the fullest extent."

● (1420)

## GOVERNMENT ORGANIZATION BILL, 1979

### SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Riley for the second reading of Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto.

**Hon. Allister Grosart:** Honourable senators, in the same happy spirit in which I made my earlier remarks, I want to congratulate Senator Riley for his introduction of this important bill. I asked him yesterday if it was the intention to refer the bill to a Committee of the Whole. I believe his answer today would be "yes." If that is so, it will considerably shorten my remarks on the motion for second reading.

May I ask the honourable senator if it is his intention to move that the bill be referred to a Committee of the Whole.

**Senator Riley:** Honourable senators, yesterday I said no. I wanted to say yes. Today I am saying yes.

**Senator Grosart:** I know that Senator Riley has a very important engagement in Saint John on Friday, and in light of that it is our hope that we can pass this bill today.

My comments on Bill C-35, most of which will be made to the minister and his officials once the measure is referred to a Committee of the Whole, will revolve around the fact that this is an omnibus bill. There are those of us who object to this kind of legislation. Having said that, I know that there is a rationale for it, given the slowness of the parliamentary process, the legislative process, particularly in the other place.

It is worth noting that in this one bill we are dealing with the establishment of a new department of the Government of Canada, a new ministry; a new mandate for another department, the Department of the Environment; the crown corporation, Canadian Patents and Development Limited, which handles Canadian patents; the Representation Commissioner and

the Chief Electoral Officer; the Medical Research Council, the new councils established largely as a response to the recommendations of the Lamontagne committee; and, finally, parliamentary secretaries. All these various bodies and officials are being dealt with in one omnibus bill.

It must occur to honourable senators that there is surely a better way to deal with these matters than simply to throw them all into one bill simply because some of the headings covered happen to come under another act of Parliament, the Government Organization Act.

Some of us recall the good old days when the mandate of any department of government was to be found in an act incorporating the name of that department. That seemed to be the obvious way of handling it. Anyone wishing to see the mandate, the authority, the powers of any department of government today would have to search through so many different acts it would soon prove an impossible task for anyone but a lawyer. That is the situation. I am not now attempting to suggest what the alternative is, except to say that I believe there must be an alternative. Perhaps during consideration by the Committee of the Whole there will be some suggestions in that regard.

It is true that perhaps the most important provisions in this bill refer to a particular department—a new department to be set up with, to some extent, new functions. This was dealt with by the sponsor of the bill, and by Senator Marshall yesterday. I believe we are to have the minister of that department before us in Committee of the Whole, and I am given to understand that, in this rather anomalous situation, the minister will have with him officials from other departments to answer any questions we wish to ask. I hope that will be the situation, but it makes one wonder about our much-flaunted devotion to the concept of responsible government, and whether it is not a denial of that concept to have before us a minister giving evidence who has no responsibility whatsoever for many of the matters to which we will direct our questions. It is about time for somebody to give reconsideration to the operative functioning of the concept of responsible government in our parliamentary system.

● (1425)

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

**Senator Riley:** Honourable senators—

**The Hon. the Speaker** *pro tem:* I wish to inform the Senate that if the Honourable Senator Riley speaks now, his speech will have the effect of closing the debate on second reading of the bill.

**Senator Riley:** Honourable senators, I intended to answer some of the queries that were directed to me by Senators Marshall and Phillips, but having regard to the motion that I am going to put before this chamber, I know they will forgive me for not doing so. I want to congratulate them very sincerely on the manner in which they spoke, sometimes critically, on this bill. Since the minister will be appearing before us, if the house so approves, those questions can be directed to him, and I think they would be better answered by the minister.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

**Senator Riley:** Honourable senators, I now move, seconded by the Honourable Senator Connolly (Ottawa West), that the bill be committed to a Committee of the Whole presently.

Motion agreed to.

● (1430)

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Joan Neiman in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Roméo A. LeBlanc, P.C., Minister of Fisheries and the Environment, was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, we are now in Committee of the Whole.

**Senator Riley:** Madam Chairman, I wonder if I could have permission to sit in the front near the minister.

**The Chairman:** Is it agreed?

**Hon. Senators:** Agreed.

**The Chairman:** Honourable senators, we are dealing with Bill C-35. Shall the title of the bill be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Before going through the clauses individually, perhaps it would be appropriate to welcome the minister.

**Senator Marshall:** I wonder, Madam Chairman, if I might be permitted to welcome the Minister of Fisheries to the Senate.

**An Hon. Senator:** Do you mean permanently?

**Senator Marshall:** I hope the minister read the speech I made yesterday in which I commended him and his staff, and also those members of the Department of External Affairs who, at the Law of the Sea Conference, were instrumental in helping the Minister of Fisheries and the Minister of External Affairs to achieve Canada's 200-mile zone.

I do not want the minister to become over-confident or to be overcome by the kind things that were said about him yesterday, but I must say I am happy that we will now have a separate Department of Fisheries. We have been striving for that separate entity for many years now.

I am in accord to some degree with the direction the minister has been taking, and, certainly, there is Canada-wide support for his direction of effort.

● (1435)

Even though this is an organization bill and does not deal directly with policy, I should like to know if the minister

recognizes the lack of funding necessary to provide infrastructure support for the fishermen and to review the licensing. Newfoundlanders wonder at the quota system; they wonder at the fact that licences are being restricted in order to replenish the stock. Could the minister advise us if there is any hope for a larger budget in order to provide to the fishermen those facilities that will indeed support further exploitation and potential prosperity?

**Hon. Mr. LeBlanc:** Honourable senators, first of all, please allow me to thank you for your kind words of welcome. Although I have not read them in *Hansard*, I am sure Senator Marshall's words were, as usual, kind and gentle, but perceptive. Our old friendship from the other place enables me to say this to him without any kind of afterthoughts.

I appreciate Senator Marshall's support for the bill and the separation of the department, and in fact the highlighting of fisheries as an area of very major concern, which should probably not surprise us, since this goes way back to the decision of the Fathers of Confederation to make fisheries a federal jurisdiction.

I, too, regret that spending restraints do not allow me to have as large a budget as I would sometimes like to have, especially for such things as small craft harbours and infrastructures for fishermen. Although my predecessor started a program that went from an average of $8 to $11 million to over $30 million a year, with the help of Canada Works and other programs we have, in fact, been averaging $38 to $39 million for the last three years in facilities for docking, marinas, and so on.

On licensing, honourable senators will remember that the licensing study is now under way, under the direction of Cliff Levelton, one of my most experienced officials, who has now retired. We hope to have this report by the middle of April. It will then be the subject of consultation with fishermen and their organizations. I recognize that the whole area of licensing is one where greater and greater pressure is being exerted on the resource because of good prices and good returns to fishermen. Our hope is that fishing will not become an occupation of last resort, a sort of catch-all for all economic difficulties, but, in fact, a lifelong search for employment and development.

I might tell the Senate that I was amazed in Prince Rupert, British Columbia, to be told by the school principal that the number of dropouts from high school who are going into fishing was worrying the education authorities. I find there are some consolations in that fact, in spite of my worries about education.

**Senator Marshall:** With the separation of fisheries and the environment, I think we have to admit that there will still be a relationship. I am concerned about one thing. I wonder if the minister and his officials have considered the fact that we are striving too much towards offshore oil, which could be at the expense of the fishery. For example, off the coast of Labrador many companies are given permits to explore for oil, and with the exploration and greed that is shown one oil spill could destroy all the work we have been doing and all the effort we have been directing towards the fishery. I wonder if consideration is being given to this by the minister's department or by interdepartmental committees. Has he realized this? Is any consideration being given to the problems that could occur?

● (1440)

What action is being taken by way of his interest in preventing oil spills which could destroy a whole industry that could become so prosperous?

**Hon. Mr. LeBlanc:** Madam Chairman, a week-and-a-half ago I was present at the official opening of Patricia Bay Institute of Ocean Studies. Bedford Institute, in Halifax, is doing a great deal of work in planning for possible oil disasters. I might say that the licensing of drilling operations offshore are closely watched and monitored by my department and the Department of the Environment.

As honourable senators might know, in the Beaufort Sea it is very much the judgment of environmentalists which indicates at what time drilling should be interrupted in order to leave leeway in case of disaster.

Off the coast of Labrador we have improved our capacity to prevent accidents. We have had to invest a fair amount in improving the hydrography of the zone, and I have every reason to believe that we are as careful as we can humanly be. That being said, in spite of all our efforts, should an oil spill occur, the capacity to deal with it, and the fund to compensate those affected by an oil spill, et cetera, are very much matters of public record.

One element we have which is limiting our efforts is that the International Law of the Sea Conference in areas dealing with marine pollution is not advancing as fast as we would like to see, but even if we were to go beyond the international law régime and promulgate regulations under the 200-mile zone, the fact is that many spills can occur more than 200 miles from the coast and drift in, so it is an ever-present danger, an ever-present problem.

We are not yet satisfied with the weight of international law dealing with these matters, but we are pushing in this direction at the International Law of the Sea Conference.

**Senator Marshall:** I should move along to another concern across the country, and particularly in Atlantic Canada—the poaching of salmon and lobster. I wonder, now that the minister has his own department, if he could influence the government in providing more funds to protect salmon rivers and to avoid further poaching and deterioration of our salmon stock to the point where it has become almost a calamity. I am sure he recognizes that in his own province of New Brunswick.

It has got to a stage where there does not seem to be any danger to the poachers, and I hope I can impress on him the importance of increasing the protection of those salmon rivers by increasing the number of river guardians, wardens and others.

**Hon. Mr. LeBlanc:** Madam Chairman, the problem appears to be less one of money than one of staff—the man-years available to do the work.

We have had discussions with provincial governments. In fact, very recently I had a most productive meeting with the Province of New Brunswick, and we have agreed to combine their personnel in the area of conservation of wildlife and ours. This should go some way. The reality is that we have many tasks to undertake, and in the present mood in which growth of government is constantly challenged, a department such as mine, which is very heavily outside Ottawa, is obviously prone to having its activities limited.

The value of the species mentioned, particularly salmon and lobster, does accentuate the problem because more people want to try to make a fast buck by illegal operations. I might say that legislation passed by Parliament a couple of years ago, which provides for increased penalties and seizure and forfeiture of equipment used in illegal fishing, is beginning to bring some focus on the issue. In fact, the forfeiture of a half-ton truck for what is still basically a fairly minor violation appears as a very severe penalty, and it has been imposed. This has a deterrent effect.

The most promising development, however, has come from the fishermen themselves. To take the subject of lobster, fishermen have now started their own protection scheme, aided and assisted by the department through equipment and money. In Prince Edward Island last year, there was a most productive experiment conducted in which fishermen in every port elected their own protection committee, and made it clear to poachers that the majority wanted to have a clean fishery and that poaching would not be tolerated. The estimate is that some 80 per cent of poaching disappeared. This is a promising development, and I understand other fishermen's organizations in the maritimes are looking at a similar plan.

**Senator Molson:** I wonder if I could ask a supplementary question respecting salmon? As a matter of fact, I have two questions.

What steps have been taken to establish the degree of damage being done by the interception of maritime salmon—salmon destined for Nova Scotia, New Brunswick and Quebec rivers—on the north shore of Newfoundland, and what progress has been made in dealing with the Indians concerning their share of the salmon on our Atlantic seaboard.

**Hon. Mr. LeBlanc:** Mr. Chairman, the figures on what the honourable senator calls "interception" go anywhere from 25 per cent to 40 per cent. I suspect it depends on where the discussion takes place—on one side of the strait or the other. The fact is that it is quite substantial.

There is no doubt that the Newfoundland commercial fishermen who continue the commercial pursuit of salmon would look with great disfavour on any reduction of their effort, just as we, as a nation, looked with great disfavour on what we considered over-fishing by Greenlanders some years ago. It is a matter of finding a balance between competing groups in different provinces, and the question of provincial jurisdiction has to be considered.

On the subject of the fishing of salmon by Indians, honourable senators know that we have in our list of priorities established, as a first requirement, conservation, the replenishing of the resource; secondly, the food fishery of the native people; thirdly, the commercial fishery; and fourthly the sports fishery. I suspect that I should put the third and fourth very close together.

The fact is that we recognize the very important privilege—some would define it as a right—of the Indians, who have traditionally fished for their sustenance, to have access to the resource. The problem arises when the food fishery is interpreted by some to be a semi-commercial fishery, and that is why we have put in stringent regulations respecting the sale of Indian food fish to non-Indians and the amount and level of that catch. We have had difficult negotiations with Indians on both coasts. I think in some cases a more reasonable régime appears possible.

● (1450)

On the west coast, approximately 11 to 15 per cent of fishermen—I would have to look at the latest figures—are native Indians. They are commercial fishermen. On the east coast they are singularly absent from the fishery, and, as such, take one very clear position with regard to food fishery, and are not as vocal in the promotion of conservation as we might like them to be.

I might say that the past couple of years have been very trying, the native people having used as a pressure point the food fishery in order to promote and argue other rights. As Minister of Fisheries I have always refused to become involved in that discussion, my point being that my responsibility is to conserve the fish and to manage the industry as well as possible.

It is an area in which all elements, native and non-native, will have to decide if they want to practise good conservation, and there is no way that one part of the fishery can be unregulated. That point I have made very clear to the Indian leaders with whom I have had meetings.

**Senator Marshall:** Each year we know for a fact that just as sure as the seal hunt starts there will be ice restricting fishermen from getting to the grounds. We know for certain that there are incidents when fishermen face danger in going offshore to fish. There seems to be a lack of lifeboat bases, particularly in Atlantic Canada. Even though this is partly the responsibility of the Ministry of Transport—the coast guard—are there any plans to try to improve the icebreaker service. The minister knows how many calls we get each year, on the same date at the same time, asking for icebreaker service, and there are not enough ships. Are there any plans to increase the icebreaker capability, and to deploy icebreakers near the area where the incidents occur?

Also, can he adivse us of any plans, in consultation with MOT, or the Department of National Defence, for improving their search and rescue capability and the deployment of that

capability near the fishing industry; and also of plans regarding the improvement, expansion and deployment of more lifeboat bases in order to avoid the serious incidents that occur?

**Hon. Mr. LeBlanc:** Madam Chairman, the problem of moving ice, which constitutes a hazard to fishermen and an interruption of their activity, is one with which we have had to live for many years. We have, as a result of ice reconnaissance, been able to predict ice movement much more accurately. I might say that some of the satellite utilization that I have seen seems to promise that in future we shall have a much better prediction of where ice movement will take place. The fact is that there is no way that we can avoid the problem completely.

Concerning the matter of icebreakers, I am afraid that I am not as knowledgeable on that subject as I would like to be. I know that the cabinet has authorized the replacement of one unit by a modern, very strong unit, and that at present the icebreakers are playing an important role for us in the management of the seal fishery off the northeast coast of Labrador and Newfoundland.

With regard to lifeboats and search and rescue, that area is one where I believe considerable progress has been made. Honourable senators may recall that a few years ago, particularly around the herring roe season which is now on in British Columbia, there was an unusually large number of disasters. As a result, the three main departments involved—the coast guard of the Ministry of Transport, National Defence, and ourselves—pooled all their information, material and the equipment, and got the regions to work together. Since then there has been considerable improvement in our ability to respond, and also in the upgrading of equipment. For example, the on-the-spot location at Gander of helicopters from DND is a considerable improvement.

Obviously there are disasters with which we are unable to cope because they take place in completely uncontrollable circumstances; but in that area, as Minister of Fisheries, I am quite satisfied that our fishermen are better served. The fact is that we have not been able to prevent all disasters. I am thinking of a couple which have occurred during the past couple of years. For example, this year, in the British Columbia herring fishery, there have been 12 incidents so far. One good aspect, however, is that the fishermen are fishing close to each other, and I do not think there has been any loss of life so far—at least, not due, I understand, to marine accidents.

**Senator Marshall:** With regard to lifeboat bases, there is a chart in the Ministry of Transport showing the deployment and location of those bases. Three or four years ago I pointed out to the then minister, Senator Marchand, that there was a space on the west coast of Newfoundland and the Gulf of St. Lawrence, between Port aux Basques and St. Anthony, a distance of approximately 350 miles, where there was not one lifeboat base. That is a precarious area which should be looked at, and I hope the minister will do so.

In order to avoid dragging out this sitting, because we are dealing with an organization bill rather than one on policy, I shall put my final question. It will be in two parts. It has to do with the difference of opinion between the provincial ministers of fisheries on the Atlantic coast and the federal minister on the build-up and expansion of the fishing fleet. The minister will recall that there was a request for many millions of dollars to provide large trawlers to compete offshore. There is also the question concerning the justification for and the danger of entering into too many joint ventures with foreign nations. I was surprised when, on January 1, 1976, there were headlines in the papers that if we did not extend our fishing limit to 200 miles, the fishing industry was finished, that it would become obsolete. The next day we extended our fishing limit to 200 miles and a few days later we were talking about joint ventures with foreign nations—the very people we chased out.

Can the minister rationalize the seeming increase in the effort toward that end, not forgetting the need to build up our own forces and our own fleet in order to take advantage of the offshore resource that we hope exists plentifully?

**Hon. Mr. LeBlanc:** Madam Chairman, the honourable senator is tempting me to repeat some of my speeches. However, I will try to resist that temptation. On the matter of fleet build-up and expansion, I suppose the enthusiasm of the declaration of the 200-mile limit was followed by a period of euphoria, in which, I suspect, a lot of people—and certainly very sincere people—thought that by putting a line on the map we were automatically going to dramatically increase the stocks and level of the catch. The fact is that it was not even a year ago that we completely stopped paying subsidies to fishing enterprises, which had not been economical since 1974. Those enterprises in trouble the longest were the larger elements of the fleet, the larger trawlers.

● (1500)

The 200-mile zone gives us an opportunity to manage carefully. The stock recovery in some areas—and I am thinking specifically of the Gulf of St. Lawrence and the Scotian shelf—is going to be relatively slow. We will see the most dramatic growth on the northeast coast and off Labrador, and it is estimated that by 1985 we will go from the current 170,000 tonnes to some 400,000 tonnes. This gives you a dimension of the possible build-up of expansion. Even at that, we have to be careful not to create large fishing fleets that require fishing inshore or close to shore. That is why we indicated clearly that this was our priority. It was also unwise to allow fleet expansion at a time when the catch rate was still beyond economic profitability. So it is really to give them a chance to catch much more fish that we are holding the line fairly tight on fleet development. That having been said, the time has come to sit down to look at gradual expansion.

Honourable senators, you might be interested to know that the three major companies on the east coast are applying for replacement of older units in their fleets with modern trawlers which would be ice reinforced and which would, in fact, prolong their season. This would enable them to exploit the resource on the northeast coast and off Labrador. If this

occurs, and it will as far as I can see, it may mean that the question of freezer trawlers will be much less acute in many people's minds.

I know that in Newfoundland the industry is having some real second thoughts about the wisdom of freezer trawlers, given their expense and given the fact that they need a lot of fish to be economical over a minimum of 300 days a year.

On the subject of foreign presence in the zone, we are now taking almost 85 per cent of all fish in the zone and outside the zone for which we have markets. Senators from Newfoundland know very well that a lot of the Atlantic interest resides on the tail of the Banks and, in fact, outside the 200-mile zone. For this reason, we are not taking a "dog in the manger" attitude with respect to foreign fishing interest. The Law of the Sea Conference states that surplus stocks be made available to other nations. We have attached some conditions, not only on licensing fees but on what we call commensurate benefit in terms of market access, and so forth. However, this is an area in which progress is rather slow.

Dealing with charters, there are species, specifically offshore squid, which were hardly utilized a few years ago and which are now becoming attractive and can only be caught by freezer trawlers. Freezer trawlers under the Canadian flag and owned by Canadians must be kept busy. If they are purchased rather than chartered, or if there is no joint venture, you will end up having a lot of capacity that is underutilized. It is for this reason that we have taken a cautious approach. There have been some joint ventures, some on an experimental basis, in which temporary utilization of freezer trawler was made possible by charters. We have tried to move cautiously in this area, and we think the most desirable route is still for Canadians to catch Canadian fish.

**Senator Grosart:** Madam Chairman, I have two questions on the clause dealing with the short title. Would the minister inform the Senate the reason the short title is the "Government Organization Act, 1978"? It seems that under the provisions of the bill the reorganization would take place in 1979.

**The Chairman:** My copy reads: "Government Organization Act, 1979."

**Senator Grosart:** The copy I have distinctly says 1978.

**Hon. Mr. LeBlanc:** The bill was amended by the House of Commons committee.

**Senator Grosart:** Has an estimation been made of the total appropriation of public revenue that would be required to implement the provisions of the bill, and, if so, are those amounts provided for either in supplementary estimates (B) or in the main estimates for 1979-80?

**Hon. Mr. LeBlanc:** Madam Chairman, for the two departments that will be created, the Department of the Environment and the Department of Fisheries and Oceans, there is no additional amount required. The combined budget for the two departments is being separated. In fact, administratively, it was separate before. There was really only one area, called Central Services, which required separation.

[Hon. Mr. LeBlanc.]

The fisheries program budget as set out in the estimates for 1979-80 is $290 million. That is the part of the Department of Fisheries and the Environment which would be moved over and become a new department. Basically, we are displacing blocks and reorganizing them but not increasing them.

**Senator Grosart:** I asked the question because of the vice regal recommendation—the ways and means recommendation. Is there an estimated increase in the total appropriations due to the requirements of the bill as it is before us?

**Hon. Mr. LeBlanc:** Madam Chairman, without looking to the exact meaning of every word Senator Grosart used, my answer would be that there would be no increase. In fact, I suspect there will be a small decrease, because the subsidy program I mentioned earlier was discontinued in October 1978. That is not reflected in the estimates.

**Senator Grosart:** Madam Chairman, I was referring to all parts of the bill and not merely to Part I.

• (1510)

**Hon. Mr. LeBlanc:** Madam Chairman, I am told by the drafter of the bill that on the other sections, besides the fisheries, the answer is no. On the environment we have just checked very quickly, and there is also a modest decrease in that area.

**Senator Rowe:** I would like to refer to the question asked by Senator Marshall earlier, regarding the relationship between oil drilling and potential oil spills, and the ecology of the fisheries.

Recently I had a discussion with a scientist who knows a great deal about marine biology. He pointed out something to me that I had never heard mentioned before, and which certainly had not occurred to me. He told me—and I am hoping you may be able to give us the opinion of the scientists in your department on this matter—that in his view the dangers from oil spills and from drilling and related matters has been grossly exaggerated. He pointed out that during the five-year period of World War II hundreds, and perhaps thousands, of oil tankers were torpedoed, many in ecologically sensitive areas of the world. I am familiar with the things that went on on the Grand Banks off Newfoundland. Many scores of tankers were torpedoed, and the oil spilled during that five-year period, and the same thing happened in Icelandic waters and the North Sea and the approaches thereto. These are all very important and sensitive fishing areas.

My question is twofold. First, has any assessment ever been made of the damage done to fisheries as a result of the five-year period of World War II, when there were so many more spills than anything we have experienced in our time, in spite of the difference in the size of the tankers concerned? Secondly, is there any opinion among scientists as to the actuality of the damage to fish? I am not talking now about damage to the tourist trade or sea birds, or in other areas of the ecology, but to the fisheries themselves. Has the damage, or potential damage, been overestimated or exaggerated?

**Hon. Mr. LeBlanc:** Madam Chairman, that is a formidable question, because I can see the potential for very negative headlines, whichever way I answer. The fact is that since we are in a world of electronic journalism—and Senator Rowe's point is well taken—I suspect that as a result of being more dramatic and colourful in terms of television the probability is that oil spills and oil tanker disasters have become somewhat exaggerated, though only in comparison, I must say right away, to other things.

If I recall correctly, the title of one of the first books to deal with the question of ecological disasters was Rachel Carson's book, *The Silent Spring*. The choice of the word "silent" in the title appears to me to be rather significant, since the world of chemicals is probably one which worries scientists in some ways more than the world of petroleum, although in the case of shellfish we have seen, as a result of the Chedabucto Bay disaster, that long lasting damage results, and I would not want to underplay it.

The other point that has to be made in terms of danger to fisheries is with regard to the destruction of habitat and spawning grounds. Here I am thinking of species such as salmon. My own theory is that we have probably been damaging our salmon rivers for over a century as a result of some of our industrial activities, such as the deposit of bark, et cetera, from logging operations. These have probably impoverished the milieux in which the eggs are hatched and the fish feed for a period of time before going to the high seas.

I would probably put the destruction of the habitat by chemicals slightly above destruction by oil spills in terms of long-term damage. In the case of the habitat, the damage is permanent. As far as chemicals are concerned, we only have to look at the number of types of fishing that we no longer pursue, and have not pursued for a number of years, as in the case of swordfish and others, because of the problems arising from the use of chemicals.

Without really taking sides completely, Senator Rowe's point, as I say, is well taken; that is to say, that since they are more dramatic, oil spills have probably tended to take up more space in the news than other problems. Nevertheless, the other problems are also terribly serious.

**Senator Phillips:** Yesterday I referred to the meeting between the minister and his counterparts in the Atlantic provinces and Quebec, when he was establishing the cod quota for the Atlantic provinces. Could the minister please advise us as to the total quota set, how the original allocation was made, and the allocation that was announced after the meeting?

**Hon. Mr. LeBlanc:** Madam Chairman, the quota alluded to by Senator Phillips must be the northern cod quota; that is, the quota of Newfoundland-Labrador, which is set—and I stand to be corrected on this—by a few thousand more or less at 170,000 or 175,000 tonnes, of which 12,000 tonnes would not be taken by Canadian inshore fishermen, or by Canadian offshore vessels. At the moment, roughly 100,000 tonnes are allocated to inshore fishermen, some 25,000 to 30,000 tonnes are allocated to large Canadian trawlers, some 25,000 tonnes are allocated to foreign fishing enterprises, and 12,000 tonnes are there for Canada to take but for which we probably do not have the capacity, and for which amount no one would want to buy a vessel.

We then said that if we could have this fish caught and frozen, and delivered to plants which are short of supplies in other parts of the Atlantic provinces, two things would be achieved: it would help them with the low throughput, and would also test—and this is a very important fact—whether or not the freezing and importing into plants and reprocessing is economical. On this basis, we said that 12,000 tonnes could be made available.

We looked at the applications of many companies, large and small, in the maritimes and Newfoundland, who were asking for some of this supply, and the breakdown came to roughly 5,000 tonnes to Newfoundland, 5,000 to the maritimes, and 2,000 to Quebec. The ministers of these provinces, and the federal minister, met in Halifax. The minister for Newfoundland did not agree that this was a proper sharing of the 12,000 tonnes. He made a very strong statement outside the meeting—and for that reason I can refer to his position in the meeting, which was a closed one—to the effect that Newfoundland had claimed all of the 12,000 tonnes, although he left the door slightly ajar.

• (1520)

Only the Minister of Fisheries for the Province of Newfoundland took a very strong position. One other provincial minister expressed some reservation. The other three provincial ministers neither supported the position I put on the table nor attacked the position taken by Newfoundland's Minister of Fisheries. In the absence of any consensus, I was left with no alternative but to try to make a judgment based on other criteria, and the main criterion was traditional fishing patterns.

That term, by the way, is often used in discussions of concurrent or provincial jurisdiction. On the basis of that criterion, 9,000 tonnes would go to Newfoundland, 2,500 tonnes to the maritimes, and 500 tonnes to Quebec. That seemed to be the wisest course to follow, and that is the course I took.

**Senator Phillips:** For your information, Mr. Minister, yesterday, in a rare moment of unanimity, I associated myself with the Minister of Fisheries for Prince Edward Island, agreeing with him that he had a certain complaint. In your earlier remarks, you said Canada was taking approximately 80 per cent of the fish within the 200-mile management zone. Could you provide us with a list of those nations which take fish within our management zone and their respective quotas?

**Hon. Mr. LeBlanc:** Madam Chairman, I cannot provide those figures from memory. I can certainly provide honourable senators at a later date with a document showing that breakdown. Canada is perfectly entitled to claim 100 per cent of those species within the 200-mile management zone for which we have a market or some utilization. In some cases—and I am thinking particularly of all species of shellfish, and most of

the herring, if not all—some 85 or 86 per cent of the fish inside and outside the 200-mile zone is taken by Canadians. There are some species in which the Canadian industry has shown no interest, either because they are expensive to catch or there is no market available.

Even if we were able to take 100 per cent of the fish within the 200-mile zone, I would advise against it. Access to the surplus over and above Canada's needs, assuming there is one, could be a valuable negotiating tool in gaining access to foreign markets and negotiations in respect of other interests we have beyond the 200-mile zone. I need not remind honourable senators that the Atlantic and Pacific salmon range far beyond the 200-mile zone. Any breakdown of international fishing co-operation outside the 200-mile zone could very seriously affect Canada's interests, particularly in respect of these two very precious species.

We will always have to strike a balance as between the quantity of fish within our own zone that should be taken by Canadians and the quantity, if any, that should be allocated to others, and the conditions under which such allocations should take place.

**Senator Phillips:** Honourable senators, I apologize for asking these detailed questions of the minister without notice. My purpose in raising them yesterday was to give Senator Riley an opportunity to pass them on to the minister for reply today.

**Senator Riley:** If I might interject, I was relying on Senate *Hansard* being available by noon today, which was not the case.

**Senator Phillips:** I can understand that. I was looking for it myself and found it was not available.

I am interested in the fisheries research programs which have been curtailed, and perhaps this information may be fresh in your mind. I should like to know the reduction in the number of scientists in each of the stations and the programs curtailed.

**Hon. Mr. LeBlanc:** Madam Chairman, I would first like to put on the record one or two facts.

First, the research undertaken for stock assessment for the setting of quotas and what we call the general area of research for conservation and management have not been reduced. On the contrary, since the 200-mile limit came into being on January 1, 1977, we have hired 125 additional research staff, and research spending for the fiscal year ending March 31 next was increased by $14 million. In fact, what we have reduced is the technological research into the secondary processing aspect of fisheries. We have not reduced in any way the research for better equipment, better gear, and better vessels. At the primary level, we have reduced nothing. At the secondary level, we have reduced what we thought were programs which the industry itself was able to assume. Also, other levels of government, particularly the provinces, might assume some responsibility in the area of processing.

To answer Senator Phillips' question, in British Columbia eight full-time continuing employees were laid off and three term appointments terminated; in Manitoba, two vacant positions were declared surplus, but no employees were affected; in Nova Scotia, where most of the technological research for the Atlantic region was carried out, 22 full-time continuing employees were laid off and one vacant position eliminated; and in Quebec and Ontario, where there are very minor operations, there were minor program reductions.

We had to make a choice. Given a choice between conservation and management, particularly conservation—the setting of quotas, and so forth—and such questions as to how long to keep fish frozen, we opted for the primary responsibility, the feeling being that the industry itself could undertake the research required to determine how long fish can be kept frozen under ideal conditions, and other questions related to the secondary aspect of fisheries.

**Senator Phillips:** This bill provides for the establishment of the Fisheries and Oceans Research Advisory Council. During the dominion-provincial conference, the provinces asked for a greater share in the control of fisheries. It appeared to me that this was a golden opportunity for the minister to bring the provinces into planning. I would appreciate being advised why the bill does not provide for provincial representation on the advisory board.

● (1530)

**Hon. Mr. LeBlanc:** Madam Chairman, the council is very much a research advisory council. Outside of saying that there would be representatives from some universities and some fishermen, the bill does not spell out who could be appointed to this council. There is obviously no reason why some scientist, in his own right and not representing a province, should not be appointed. There is certainly nothing to preclude somebody from industry, or a fisherman, or some other person being appointed. We simply felt this was not an area in which the management of the fishery would be discussed. What we were doing here was really looking at ocean and fisheries research, and the individuals appointed should be appointed very much on their own merit.

We saw no way of avoiding having some 10 out of 25 members being potentially provincial representatives, just for the sake of having provincial representatives. I think the avenue for consultation and for working with the provinces, pending the final disposition of the jurisdiction matter, is probably the Regional Fisheries Ministers Conference whose first meeting was held some weeks ago. Although there was some disagreement on one modest issue—that is, cod—the fact is that on the other related fisheries issues there was a very large degree of agreement and there was fairly substantial progress.

We could not see how having provincial representation on this advisory board of scientists would contribute very positively unless they were there very much as scientists employed by provincial departments but not representing government.

**Senator Phillips:** I would refer to Part XI, clause 32.

**The Chairman:** If you are going to refer to particular clauses, perhaps you would hold your questions until we reach those clauses in the bill.

**Senator Macdonald:** In relation to what you mentioned about the 22 positions which have been done away with in the area of research in Halifax, has there been any indication that the private fish firms will go into the research business, either together or co-operatively? Do the Nickerson people in the fishing industry in Nova Scotia do any research on their own?

**Hon. Mr. LeBlanc:** Madam Chairman, I am informed that there has been no specific interest shown by private companies, although at least one provincial government has looked upon one section as possibly being taken on by one of their technological colleges. At the moment I have no deluge of applications.

**The Chairman:** Honourable senators, are there further questions of a general nature?

**Senator Macdonald:** Perhaps I could ask another general question. I was interested, in reading the proceedings of the Commons committee concerning this bill, that there was considerable discussion on the question of catching and marketing squid which is not normally done by Nova Scotia or maritimes people. As I understood it, certain firms in Nova Scotia, for example, were given a licence to catch so much squid, but they did not have the facilities to do that, so they, in turn, leased it or sold it to a Japanese firm. Am I right that a certain percentage of what they caught had to be processed in the fish plants in Nova Scotia?

**Hon. Mr. LeBlanc:** Madam Chairman, about three years ago, squid was considered to be under-utilized. In fact, we never bothered very much with it except as an inshore species. The fact, however, is that squid has considerable value. It creates one problem for the fisheries in that it is rather cyclical, and some years it simply does not show up. Mackerel is another fish of that type. People tend not to invest large amounts into gearing up for catching these fish.

However, the value of squid being what it is, and the potential being realized, the inshore fishermen in Newfoundland in particular went after squid very heavily and, in fact, some 30 to 35 tonnes were taken and brought in a very good price. That left about 20 to 25 tonnes available for Canadians and which, if they were not caught by Canadians, would be caught by foreign fishing fleets.

We offered private industry a possibility of chartering to catch this quota, putting in a proviso that 25 per cent processing would have to take place, and if not then a penalty clause would have to be written. If my memory serves me correctly, the penalty was $35 a tonne for what was not processed.

This created a situation where there was some windfall benefit. In fact, a very modest amount of employment was created, and not very many Canadian fishermen were involved. Again, the nature of that fishery makes this problem more acute because offshore squid require freezer-trawler capacity; it has to be frozen very quickly.

We have looked at this on a one-shot basis. We are looking at some proposals for the coming season, and we certainly believe that a better system has to be found.

Whatever happened, the fact is that some Canadian enterprises—and some of them were not large but rather small operations—went into a joint venture on which they reaped considerable benefit. I think, in the long run, a better system can be evolved.

This seems to have been defined mainly as a Newfoundland fishery. Last summer a very interesting experiment was conducted off Cape Breton by a Japanese vessel under charter under an arrangement with the United Maritime Fishermen which, in fact, utilized automatic jigging equipment and immediate freezing. The squid was worth $1,000 a tonne on the Japanese market. That is being looked at in regard to further development, and we may see Cape Breton get some considerable benefit from this fishery.

**Senator Macdonald:** Was some of that squid processed in fish plants in Cape Breton last year?

● (1540)

**Hon. Mr. LeBlanc:** My impression is that it was, but perhaps when Dr. May is with us he could give us a quick answer to that.

**Senator Macdonald:** On the same subject, it seemed to be the impression given by some of the members of the House of Commons committee that in order to utilize the squid fishery there would have to be this type of freezer-trawler, if that is what you call it. I believe the department's idea was that there are plenty of fishing vessels now, draggers and so on, that are not used to full capacity. Am I right in assuming that the policy is not to allow the building of these new types of trawlers until a steady market is assured?

**Hon. Mr. LeBlanc:** Madam Chairman, that is partly the answer. The fact is that, if applications for freezer-trawler licences were based on species that were not already caught by existing elements of the fleet, they would be looked on favourably. I have made it quite clear, if someone wanted a freezer-trawler licence for only underutilized species, that I would look at the application favourably. The fact is that the list of underutilized species is growing shorter every year, because we are discovering, as we did with squid, that there can be considerable benefit.

If the Cape Breton experiment of last summer could be repeated successfully by boats less than 100 feet in length, I would hesitate to deprive the fishermen of the area where this squid is located—which is only 12 to 15 miles offshore—by having the fish picked up by large, long-distance trawlers. That is why we will probably take a cautious approach.

I might say that no one would invest in that type of vessel for a fish which, as I say, tends to be cyclical. However, we are willing to look at a freezer vessel charter arrangement as a temporary measure until we see if, in fact, the smaller Canadian boats will go after squid.

[*Translation*]

**Senator Langlois:** Mr. Minister, since we are speaking about squid, I saw recently—I do not remember exactly in what magazine or newspaper—that squid was an endangered species because it is overfished.

I would also like to know whether the latest invention—I believe that it comes from Japan—which has been put on the market recently for squid fishing is in general use on the Atlantic coast, and if this is one of the reasons for the excessively large increase in catches?

**Hon. Mr. LeBlanc:** Madam Chairman, I have not seen any scientific report suggesting that this species has been overfished. Perhaps Dr. May will be able to reply to this question later on, as well as to two or three others. There is no doubt that we have maintained quotas as low as possible because we do not want to repeat our disastrous experiences in other sectors. I have not seen any scientific opinions suggesting reductions in this area. On the contrary, I believe that the Canadian quotas for 1979 have been slightly increased. However, I will have to check if this concerns the total quotas or only Canada's share, but I know that the quota of our fishermen has been increased over last year.

[*English*]

**Senator Macdonald:** If I may, Madam Chairman, I will change the subject rather abruptly. In the agreements we have with other countries concerning fishing in our own waters as well as outside them, is there provision to allow these other countries to have their catch processed in plants in Canada, specifically in Nova Scotia?

**Hon. Mr. LeBlanc:** Madam Chairman, one of the clauses that we call "commensurate benefits" in our agreements could be interpreted in the way Senator Macdonald has suggested, but we have had to move cautiously because, as honourable senators know, the new international organization covering the zone outside the 200-mile zone just came into being within the last few months. In fact, its first meeting was held only in the last week or two in Montreal.

While we are moving quite cautiously to a management régime both inside and outside the 200 miles, recognizing, of course, that inside the limit the decisions are Canada's, we have had to look at the benefits offered in return for access to the Canadian zone very much in the light of protecting our interests outside. That is why we have tended not to attach too many conditions of the type mentioned by the honourable senator.

It is certainly an interesting proposal. There is one country which, if we had wanted to allocate to it a large amount of fish, was most willing to have some of it processed in Canadian plants. But having weighed the pros and cons and after consulting with the industry—that is, the fishermen and processors—and bearing in mind that it was fish for which we had catching capacity and were interested in, we did not accept the proposal.

There is no doubt that, if canning were desired by foreign nations in some cases, we could certainly offer them an economic advantage. In fact, we could let them return home with the finished product instead of having to carry the fish in freezers, thawing it out and then refreezing it. We are looking at all of these angles.



**Senator Macdonald:** It was my impression that some Russian trawlers did indeed have their catches processed in some of the plants in Nova Scotia last year. I am certain I saw some Russian vessels in port doing that.

**The Chairman:** Are there any further questions of general interest, honourable senators? If not, shall we proceed to a consideration of the bill clause by clause?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 2 carry?

**Senator Rowe:** Madam Chairman, what I have to say concerns both clause 2 and subclause 4(2).

**The Chairman:** I wonder if you have a proper copy of the bill before you, Senator Rowe. There is no subclause 4(2).

**Senator Grosart:** Are you in the correct part of the bill, senator?

**Senator Rowe:** Perhaps I have jumped ahead too fast. I think we will come to what I want a bit later. I will withdraw my question for the moment.

**The Chairman:** Shall clause 2 carry?

● (1550)

**Senator Marshall:** Not so fast. I have one question that has to do with the formulation of the Fisheries and Oceans Research Advisory Council. Although I am pleased that the membership has been increased from 18 to 24, and that members of the council shall include fishermen and persons from the general public, as was indicated in the original bill, I am concerned that, as in the past there have always been overtures made to have fishermen included on boards and advisory councils—

**The Chairman:** Honourable senator, you are referring to Part II. We are still dealing with the very beginning; we are still on Part I.

**Senator Marshall:** Not Part II?

**The Chairman:** We have not got that far yet. We are proceeding very slowly and carefully today. We are on Part I, clause 2. Shall clause 2 carry?

**Senator Forsey:** Before it carries, may I have from the minister some explanation of why this extraordinarily grandiose title of Minister of Fisheries and Oceans was adopted? This seems to me to be taking an enormous amount of extraterritorial jurisdiction.

**Hon. Mr. LeBlanc:** The reality is that with the extension to the 200-mile zone we have added some 650,000 square miles of resources available to Canada. We also have three oceans,

and the primary responsibility for the living resources has been married to the department called Fisheries. In fact, the term "oceans" was chosen very consciously, not only for its fisheries connotation but because there are many departments of government that have an interest in oceans, such as Transport, Energy, Mines and Resources, and Environment, obviously, because of atmospheric services and so on. The perception of concern with the oceans has been very much heightened in the last 15 or 20 years, and it was in recognition of this that what might be a slightly grandiose title was chosen. Frankly, I think it is a rather grandiose subject.

**Senator Forsey:** Surely it is only part of the oceans over which we have extended our jurisdiction. It used to be:

> Man marks the earth with ruin—his control stops with the shore.

Now apparently it goes clear off to the 200-mile limit off Japan or somewhere. This is what bothers me about it. It seems to me to take in such an enormous scope, far beyond the considerations the minister has mentioned. I cannot understand why it would not have done just to revive the old and time-honoured title "Marine and Fisheries."

**Hon. Mr. LeBlanc:** I would be the last to contradict Senator Forsey's strongly held view. It was felt that this would in fact translate the consciousness that Canada's oceans are of great importance, not only, as I said earlier, in terms of the living resources, but of minerals and all the other aspects of the oceans. I might say that there are some of us—and I am one of them—who think that the expression "Dominion from sea to sea" is rather restricted.

**Senator Forsey:** Touché.

**The Chairman:** Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 4 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 5 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 7 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 8 carry?

**Senator McIlraith:** That is Part II.

**The Chairman:** We are now on Part II.

**Senator Marshall:** So I can repeat my question, if only I can remember it. It has to do with the establishment of the Fisheries and Oceans Research Advisory Council. I repeat, I am pleased that it has been decided to increase the membership to 24, but I am a little leery, as usual, when they mention that the membership of the council shall include fishermen, which shows recognition that has not been shown before. I am a little concerned about the fact that the majority of the council members shall be scientists.

I should like to observe that there are a lot of fishermen in northern Newfoundland who know a great deal more than scientists just by looking at the clouds and the outside weather. I should like to ask for an assurance that there will be a good representation of fishermen from across Atlantic Canada, and that all these positions will not be taken up by others, bearing in mind that the fishermen have been silent for too long. I know the minister agrees they should have a place in the annals of departmental policy, and I know that there is now representation by the union in Newfoundland, but I should like an assurance that the minister will ensure that the people in isolated or remote areas will have some representation and be able to have a say.

**Hon. Mr. LeBlanc:** I certainly can give that assurance, not only because of my penchant but because it is now written in legislation. I think the day when the scientists felt that they were somehow isolated from the fishermen is fast disappearing. In fact, the new breed of fishermen includes many who are college and university graduates, and they will want to move from one to the other sphere of activity. I personally hope that more and more employees of my own department will come from the ranks of fishermen. Certainly some of my most senior people come from fishing families, and from some distinguished Newfoundland fishing families. I can give that assurance to the honourable senator.

**Senator Grosart:** I have a question on the title, which also relates to the functions of the council as described in clause 10. This is now to be described as an advisory council, whereas its predecessor, as I understand it, was a research board. Clause 10 refers to "the function of the Council to *advise* the minister," whereas my understanding is that the predecessor board had *charge* of all federal fishery research stations. Would the minister be good enough to indicate the reason for the change from a board that had charge to an advisory council, and indicate who now has charge of the research stations?

**Hon. Mr. LeBlanc:** While Dr. May is on his way down, I will answer in very general terms. Dr. May may want to answer more technical questions. In a 1971 or 1972 Fisheries Research Board, which had been the research arm of the department, took on a more advisory role, and in fact research became more directly attached to and combined with management. The feeling, perhaps reflected by Senator Marshall's question, was that there had been too much separation between the department managing the fishery and the research arm through the research board. It was really to recognize this new reality that research and management should be very closely associated, that the research capacity of the department would be more directly under the responsibility of the deputy minister, that the reality came into being somewhat before the law was changed. I do not think I could add more to that at the moment.

**Senator Grosart:** The second part of my question was: Who now has charge of research and research stations?

• (1600)

**Hon. Mr. LeBlanc:** Madam Chairman, with respect to research, each region has a research director who is responsible to the Regional Director General in, for example, Halifax for the maritimes, St. John's for Newfoundland, Winnipeg for the prairies, and Nanaïmo for the Pacific coast. Dr. May, as Assistant Deputy Minister, has overall responsibility for the east coast, and Mr. Doug Johnston, who was recently appointed, has overall responsibility for the west coast and inland waters. However, the Regional Director General has very much the responsibility for research and the management of the fishery.

**Senator Grosart:** I have a supplementary, if I may put it. Who would be responsible for the initiation and innovation for the whole, the entire, research program? This is a matter which we dealt with in another committee, and it was found to be one of the major problems in the whole research and development program of the Government of Canada—this lack of clear responsibility for the overall program.

My understanding is that this was a responsibility of the old research board. Now we are to have an advisory board. Where is that responsibility? Are we going back to what Senator Lamontagne described once in a report as the "research solitudes"?

**Hon. Mr. LeBlanc:** Madam Chairman, in Ottawa there is a Director General of Fisheries Research, who has the overall direction and responsibility. Dr. May had this title until his appointment as an assistant deputy minister a couple of months ago.

**Senator Marshall:** He is a good man.

**The Chairman:** Shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 11 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 12 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 13 carry? It has been pointed out to me that we are now on Part III of the bill.

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 14 carry?

**Senator Grosart:** Madam Chairman, on clause 14 may I ask the minister a question? It may be inconsequential but, on the other hand, there may be some reason for the change of wording in clause 5(a) to the wording as follows:



—jurisdiction, not by law assigned to any other department, board or agency of the Government of Canada—

In the former act, under section 5, the word was "branch." Is there a distinction between the words "branch" and "board" in the drafting here?

**Hon. Mr. LeBlanc:** Madam Chairman, I am informed by Mr. Bertrand, who, I think, was a draftsman of the bill, that the expression now used is "board" rather than "branch".

**Senator Grosart:** Is there a reason for that? The word "branch" for a long time had a meaning and an understandable meaning, particularly to parliamentarians. Are we to understand that it is drafting policy now that we will never refer to "branches", but we will call them "boards"? Is that a new form of drafting semantics?

**Hon. Mr. LeBlanc:** Madam Chairman, I am told that we would be wiser to check and inform Senator Grosart directly before we answer that in substance.

**Senator Phillips:** Madam Chairman, clause 14 says that the functions of the Department of the Environment extend to and include "renewable resources, including the forest resources of Canada." There has been some dispute already with some of the provinces with regard to forestry permits, especially on provincial crown lands. How are these disputes settled under this clause?

**Hon. Mr. LeBlanc:** Madam Chairman, I am informed that there is no change from the previous situation of forests being under provincial jurisdiction. I know of a recent case in which, under the Habitat legislation, some forestry operations were interrupted but, as I say, there is no change. The role of the federal government in forestry has been one of research and no one is challenging the very strongly expressed view of the provinces that forests on provincial lands are very much part of their own responsibility.

**Senator Marshall:** I have a question on clause 14, having to do with that perennial scourge, the spruce budworm. While I recognize that this is a provincial responsibility in most cases, I am under the impression, through information in the past, that Canada and the United States are co-operating in study and research to try to come up with a solution to the problem of the spruce budworm, which threatens our forests and indeed threatens what is probably the second largest industry in Canada.

It may be unfair to ask this question of the minister, since the Minister of the Environment is not here, but I see the deputy minister here, and I ask if there has been any progress made—and I do not require a long discourse—over the past few months now that the season is over in Newfoundland and New Brunswick—indeed, in all of Canada.

**Hon. Mr. LeBlanc:** Madam Chairman, the federal role in the budworm problem is very much one of research. In fact, through our co-operation with the United States we have doubled the research, which is now better co-ordinated in this area.

I might say the controversy which occasionally arises with the use of this or that chemical is very much the concern of the three departments—Environment, Fisheries, and Agriculture which has the responsibility for the use of certain chemicals, especially imported chemicals.

The evaluation of the success of the program is difficult. I do not think I should undertake to answer that. Our research recently has been very much in the area of biological research. Honourable senators may have heard of experiments conducted using a sex attractant which might in fact induce the budworm to have a rather erratic behaviour pattern. That experiment has not been as successful as we had hoped, from the latest reports I have read. I will have to ask Mr. Seaborn to nod. He nods that I am right; that it is not in fact as successful as we had hoped.

• (1610)

**Senator Grosart:** Turning to page 7 of the bill as printed, and referring to section 6(2) as mentioned in clause 14, it says that authority is given to the minister:

> (2) For the purposes of carrying out his duties and functions related to environmental quality . . . with the approval of the Governor in Council . . .

To establish guidelines. The guidelines seem to be limited to:

> . . . departments, boards and agencies of the Government of Canada and . . . corporations listed in Schedule D to the *Financial Administration Act* and regulatory bodies—

The question arises as to why it is necessary for the minister to have the power to issue guidelines—or would they be more than guidelines, in the normal sense of the word? Surely the minister of any department would have the authority to issue guidelines within this fairly limited area.

**Hon. Mr. LeBlanc:** As honourable senators know, there are many activities of other departments. I am thinking, for example, of Transport and the building of airports, of Energy, Mines and Resources in drilling operations, and so on, which could have considerable effect on the environment. So the Minister of the Environment is given the power to issue guidelines to other departments of government.

**Senator Grosart:** I appreciate that, but why does the minister need authority to issue guidelines? Anyone can issue guidelines to anyone. We are getting into the drafting of bills quite a bit now, and I would be interested in knowing the answer, because the definition of guidelines, if I may use the phrase, has been kicked around a great deal recently. It would be interesting if we could have from the minister, through the draftsmen, a definition of guidelines. What is meant by giving the minister authority to issue guidelines?

I repeat that my understanding would be that he could issue a guideline to any agency, if he felt like it. Why does he need authority in an act of Parliament to issue guidelines?

**Hon. Mr. LeBlanc:** If my understanding of the question is correct, it is really to emphasize the horizontal nature of a department like this one, which by its definition almost—I use the word in quotation marks—"interferes" with other activities. It is to give these guidelines all the authority of Governor in Council.

I might give one example of where at least three departments are involved but where, in the final analysis, one department must make the decision. At what point do we interrupt drilling in a place like the Beaufort Sea, given all the atmospheric and ice conditions, and so on? In the event of a blow-out, at one point there have to be guidelines with regard to the number of days to be allocated, to having a relief well drilled. That is an area where the guidelines could be embodied in an order in council.

**Senator Grosart:** I am really seeking clarification here. What would be the authority of such guidelines vis-à-vis another department? I see they have the word "board" here and even a Schedule D corporation. Has it any statutory effect at all on those to whom these guidelines would be directed?

**Hon. Mr. LeBlanc:** I am told that the guidelines basically offer to departments that do not have the knowledge and expertise of a department such as the Department of the Environment, directives and advice embodied in these guidelines.

**Senator Grosart:** In the minister's judgment, would it be correct to say that such guidelines have no statutory, mandatory authority? Would that be a correct statement?

**Hon. Mr. LeBlanc:** I am told that they cannot be imposed on another minister, but by being published as guidelines there is certainly a considerable amount of moral persuasion.

**Senator Grosart:** I would agree with that.

[*Translation*]

**Senator Langlois:** Madam Chairman, I would like to draw the attention of the minister to two expressions that are used a number of times in clause 14, namely:

> boards and agencies of the Government of Canada

which read in French as follows:

> commissions et organismes fédéraux

I believe that there is no equivalence between these two expressions, especially when you compare "organismes fédéraux" to "agencies of the Government of Canada". You can have a federal organization which is not an agency of the Crown.

I simply want to draw the attention of the minister to the fact that the translation seems inaccurate.

**Hon. Mr. LeBlanc:** Madam Chairman, in reply to Senator Langlois, Mr. Bertrand informs me that he is willing to consider this suggestion, as he said he would do in another case.

In fact, we have made certain changes to the translation and we thought that we had caught all inaccuracies, but we shall have to check again.

[*English*]

**Senator Marshall:** Madam Chairman, we have spent a good deal of time on the fishery, and we may perhaps tend to

overlook the vital and serious responsibility under the new Minister of the Environment in connection with the forest industry, the pulp and paper industry. I have pages of studies and everything else, but in today's issue of the Toronto *Globe and Mail* there is an article by T. J. Bell, Chairman and Chief Executive Officer of Abitibi Paper Company, in which he states, in a succinct manner, what is the status of the industry and the danger involved.

I was struck by two paragraphs. One of the difficulties concerning the pulp and paper industry is the fact that we are getting farther and farther away from the markets as time goes on. The Americans are our biggest customers and they are producing mills day by day. The Export Development Corporation is loaning money and sending equipment to other countries to produce pulp and paper mills, and they will take away our markets. I am again concerned about eastern Canada, because that area is farthest away from the markets. I was impressed by two paragraphs, which I should like to put on the record:

> Canadian mills will always be located farther from markets than U.S. competitors are, thus at similar freight rates per mile Canadian shipping will cost more. As matters stand, Canadian rates per mile are also higher—it costs $18.57 more to ship a ton of newsprint 475 miles from a Quebec mill than it does to ship 475 miles from a U.S. mill.

That might be outside the parameters of what we are discussing.

● (1620)

I am struck by the paragraph in which Mr. Bell states:

> There must develop in Canada a recognition that obsolescence is inevitable and that modern replacement of capacity may be more viable at new locations more in tune with a changed competitive world. If government, labour and management all address this reality carefully, social consequences will be minimized.

When we are reminded about what the forest industry means to Canada, Mr. Bell states:

> Direct employment in forest products represents nearly one in eight jobs in manufacturing in Canada.

He goes on to state:

> The direct and indirect federal tax revenue from the forest resource sector is roughly $1-billion. Outbound traffic of forest products comprises an eighth of the railway carloadings in Canada.

I think more than asking a question, I should point out the importance of that department in conserving our forests, which are fast depleting, and the efforts that they are going to extend to forest conservation and replenishment. With regard to the other factors I mentioned, it is vitally important that we reinforce the success that we have had rather than wait until the mills close down or the industries close down.

I don't know whether the minister wishes to comment on that, but I should like to put that on the record. I know it is unfair to put that question, because the Minister of Environment is not here.

[Senator Marshall.]

**Hon. Mr. LeBlanc:** I must say that I have kept a great interest in this aspect of it from the time I became responsible for the whole department. My successor recently announced that, to show the importance of the forest industry, he was, in fact, making it a service at the deputy ministerial level.

The federal government's role has been researched and the provinces have asked us to continue to do that, and the amount being spent now is in the order of $40-$41 million. The dollar advantage at the moment is giving the whole Canadian forest industry quite an advantage. In fact, there are parts of the industry that are suggesting we should not hurry to get the dollar up again. Those are probably the ones who have come back from the south.

In the area of modernization, I believe Senator Marshall's point is well taken. He is obviously aware that the Board of Economic Ministers designated this as an area for great attention when they recently committed $205 million to modernization and to upgrading and removing the stigma of obsolescence on some of our operations. I certainly do not take issue with what Senator Marshall has said.

**The Chairman:** Shall clause 14 carry?

**Hon. Senators:** Carried.

**The Chairman:** We are now dealing with Part IV, Canadian Patents and Development Limited.

**Senator Grosart:** I have a very general question. Perhaps the minister is able to tell us why the employees of Canadian Patents and Development Limited are now coming under this bill for pension purposes? Were they not, up to the present time, under the Public Service Superannuation Act and receiving the benefits of the Aeronautics Act?

**Hon. Mr. LeBlanc:** Madam Chairman, I am very much out of my field at this moment. However, some assistance is coming. The amendments ensure that the coverage for pensions will continue once the employees are transferred out of the National Research Council and formally become employees of the Canadian Patents and Development Limited, in its own right. It is really to protect their pension rights.

**Senator Grosart:** Is this just a reorganization where these personnel, instead of being employees of the National Research Council, will become employees of a crown corporation?

**Hon. Mr. LeBlanc:** That is correct.

**The Chairman:** Shall clause 15 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 16 carry?

**Hon. Senators:** Carried.

**The Chairman:** We are now on Part V, Representation Commissioner.

**Senator Grosart:** Madam Chairman, this may at this particular time be an unfair question to the minister, and this, perhaps, points up some remarks I made earlier about this type of omnibus bill. It is difficult to deal with it even in Committee of the Whole. If the minister wishes to take my question as notice, I will not pursue it further. I am interested in knowing the rationale behind repealing the Representation Commissioner Act and, therefore, dispensing with the services of the Representation Commissioner, particularly if any progress has been made in an important duty assigned to him at one time, which was to consider the establishment of a permanent voting list for Canada.

**Hon. Mr. LeBlanc:** I am informed that the work on the permanent voting list, if I understand the question correctly, is now terminated. Dealing with the matter of the Representation Commissioner, it was felt that the work has been sufficiently advanced and the pattern had been sufficiently set that it could be handed over to the Chief Electoral Officer and the position declared vacant.

**Senator Grosart:** Is the minister able to say whether a decision has been made on the matter of a permanent voters list for Canada?

**Hon. Mr. LeBlanc:** A study has been made but I am told that the cabinet has not made a decision yet. I am not aware of one, in any event.

**The Chairman:** Shall clause 17 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 18 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 19 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 20 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 21 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 22 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 23 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 24 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 25 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 26 carry?

**Hon. Senators:** Carried.

**The Chairman:** We are now dealing with Part VI, Medical Research Council.

**Senator Phillips:** In Part VI, and the same question would apply to Parts VII, Part VIII, and Part IX, I am curious to know why the various councils can select their own employees, give them their own classification and suggest their salaries. As far as I am concerned, it would be much more equitable if the employees were selected by the Public Service Commission, given their classification and their salary, recommended in line with classifications and salaries in the public service. Can the minister tell us if there is any reason this procedure could not be followed?

• (1630)

**Hon. Mr. LeBlanc:** Madam Chairman, the councils are specialized types of agencies requiring specialized expertise. For this reason they were given separate employer status. It would be a major change in the status and operation of the councils to bring them now under the Public Service Commission. In addition, it should be noted that the Public Service Commission does not classify public servants or set salaries. That is done by Treasury Board. For separate employees like those of the councils, Treasury Board or Governor in Council approval is required for salary levels, while classification and staffing usually is vested in the council itself.

**Senator Phillips:** Honourable senators, I doubt very much if every employee of these councils is a specialist. I presume that, like everyone else, they hire secretaries, and I fail to see how every person hired can be included as a specialist. I would also point out to the minister that in his own department he has specialists in research, and these people are selected by the Public Service Commission.

**Hon. Mr. LeBlanc:** Madam Chairman, it was felt that it would be difficult to have part of the staff under public service regulations and part not. For this reason it was considered to be wiser for them to be part of the same organization, from all points of view.

**Senator Marshall:** Following up Senator Phillips' question, I find that there is something of a conflict here, if I am reading the legal jargon properly. Under Part II, dealing with the Fisheries and Oceans Research Advisory Council, the chairman is appointed by the Governor in Council, and the other members of the council are appointed by the minister, which, to my mind, is fair. Yet, under Parts V, VI, VII and VIII the council appoints such officers, and, as I had it explained to me in layman's terms, it appears that the chairman of the council can appoint all the officers and members. To my mind, that is straying from the policies we ought to be following. It leaves the minister at a loss to know who is working for him, whether indeed they are responsible, and not appointed by recourse to paths other than the straight and narrow.

**Hon. Mr. LeBlanc:** Madam Chairman, I am told that the members of the Fisheries and Oceans Research Advisory Council are appointed by order in council. The Fisheries and Oceans Research Advisory Council is a carry-over from the other system, in terms of which the minister appointed the members, but the chairman was appointed by order in council.

**The Chairman:** Shall clause 27 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part VIII, National Research Council. Shall clause 28 carry?

**Senator Grosart:** Madam Chairman, to carry on the discussion that has just been started by Senator Phillips and Senator Marshall, it is not quite true to say that the appointment conditions are the same in the case of all these councils. The National Research Council, according to the amendment proposed here, has quite a different status from that of the others. I refer to clause 28 of the bill, dealing with paragraph 13(g) of the National Research Council Act, which states:

> (*g*) to appoint such scientific, technical and other officers as are nominated by the President, to fix the tenure of such appointments, to prescribe the several duties of such officers—

And so on. Is this a new development, that officers of the National Research Council are to be given tenure on nomination by the president? Is this a new departure, introducing the academic concept of tenure into the government service?

**Hon. Mr. LeBlanc:** Madam Chairman, I am told that the National Research Council is structured somewhat differently, but that there is no change of any substance. The drafter is looking at this matter, and I may have more to add in a moment.

**Senator Olson:** Madam Chairman, while that information is being sought, may I ask the minister, under the heading of either Part VII or Part VIII, about the technology that is being developed respecting our topography satellite, particularly with respect to the interpretation of the raw data being fed back to Canadian receiving stations from that satellite? I understand some advance has been made in the interpretation of the data from the point of view of identifying crops, for example, and making estimates of their yield, wherever the satellite overflies, whether it be on this continent or any other continent. Canada's contribution to that satellite has been considerably more in the past than it is now. Indeed, we may be falling behind in our capability to interpret the raw data in such a way that it would be useful to the organizations that market our agricultural products, thus leaving us at a disadvantage vis-à-vis the United States, for example. I think the intention at the outset was that we were to be equal insofar as having the technological capability of interpreting the data is concerned.

**Hon. Mr. LeBlanc:** Madam Chairman, I am told that with regard to the National Research Council it is a question of a minor technical amendment. We will provide Senator Grosart with the information he seeks.

On Senator Olson's point, I must say that in the area of oceans in particular, with specific reference to ice movement and weather forecasting, which is now under the Department of the Environment, there is no doubt that we are given a great deal of information that is quite dramatic in some cases. I am told by the scientists that we will be able to predict rather accurately the pattern of ice movement once we have established a bank of knowledge of previous patterns over a few years.

I am a member of the cabinet committee that is very much interested in the discussions that the honourable senator mentioned with relation to crops and other information. As a very uneducated layman, I was amazed at the potential that this represented, but I could not pretend to answer the honourable senator's question with any accuracy. For that reason I concede that with regard to the points he has made he is much better informed than I could hope to be in my answers.

**Senator Olson:** Well, I thank the minister for his compliment, but I am really not very well informed at all. What has happened is that I have had raised to me some of the problems without any answers. I wonder if the minister would take notice of the fact that we would like to know where Canada stands in relation to the United States in particular, because in some cases it was a joint project.

I wonder if he could tell us whether or not we are continuing the effort we need. I am particularly interested in some advanced technology that has to do with colour and other factors that are needed to estimate crop yields. I am told that technology of such sophistication has already been developed whereby it is possible to distinguish one crop from another in the early growth stages, which was not possible only a short time ago. Certainly, in our marketing operations of grain, it is necessary for us to have at least as much information as our competitors in this field and as advanced information as our competitors have.

• (1640)

I would be perfectly content if the minister would refer that question to his officials and provide me with a written reply at a later date.

**Hon. Mr. LeBlanc:** I can certainly undertake to do that, Madam Chairman.

If I may go back for a moment to one of Senator Grosart's earlier questions, I am informed that the words "ministerial approval for staff appointment and classification" have been amended to remove "with the approval of the minister." That is the only change.

**Senator Grosart:** I was asking whether the provision for academic tenure was new.

**Hon. Mr. LeBlanc:** I am informed it is not.

**The Chairman:** Shall clause 28 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part VIII, Natural Sciences and Research Council.

Shall clause 29 carry?

**Senator Phillips:** The proposed section 36(1) reads:

> The Council may,
>
> (a) appoint such officers and employees as are necessary for the proper conduct of the work of the Council—

I am wondering whether there is any limitation placed on the number of employees to be selected by these councils arising out of the government's so-called restraint program. I understand various departments are expected to limit the number of people they appoint, and I am wondering whether the same principle applies to these various councils.

**Hon. Mr. LeBlanc:** Madam Chairman, Treasury Board approves the number of man-years and the budgets of the councils to be established.

**The Chairman:** Shall clause 29 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part IX, Social Sciences and Humanities Research Council. Shall clause 30 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part X, Parliamentary Secretaries. Shall clause 31 carry?

**Senator Grosart:** Honourable senators, I have one question by way of clarification. I do not understand the purpose of this amendment to subsection 2(2) of the Parliamentary Secretaries Act. The present wording is:

> There shall not be at any one time more Parliamentary Secretaries than the number of Ministers who hold offices for which salaries are provided in section 4 of the Salaries Act.

The amendment reads:

> There shall not be appointed more Parliamentary Secretaries than the number of Ministers who hold offices for which salaries are provided—

What is the significance of the change? If there cannot be any more, how can any more be appointed?

**Hon. Mr. LeBlanc:** Madam Chairman, the amendment substitutes for the words "at any one time" the word "appointed," thereby specifying that the maximum number of parliamentary secretaries is set at the time of appointment and is not affected by any subsequent ministerial resignation or death.

**The Chairman:** Shall clause 31 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part XI, General. Shall clause 32 carry?

**Senator Phillips:** Honourable senators, yesterday I expressed some concern with this clause. I referred to certain activities of the Department of Fisheries and the Environment which the Senate unearthed last year. I should like to know from the minister what transfers will take place within the departments.

**Hon. Mr. LeBlanc:** Do you mean transfers of budgetary items?

**Senator Phillips:** Yes.

**Hon. Mr. LeBlanc:** Those transfers are spelled out in the blue book which lists the estimates of the Fisheries Program and the Environment Program under one central agency, which was the administration of the two wings of the department. In fact, with Treasury Board supervision and preparation for the adoption of changes, the department is now in fact separated under a deputy minister and an associate deputy minister, each responsible for their respective areas.

I do not know whether I have answered Senator Phillips' question adequately. Mr. Seaborn the deputy minister of the whole department, has now returned, and perhaps he can enlighten me.

**Senator Phillips:** Clause 32 states, in part:

> —shall be applied to such classifications of the public service within the Department of Fisheries and Oceans as the Governor in Council may determine.

I would like to be assured that we are not going to have funds taken from the Small Craft Harbours Branch to be used to provide the bureaucrats with a $6,000 or $7,000 increase in pay, an increase which is more than the fishermen themselves are making.

**Hon. Mr. LeBlanc:** Madam Chairman, decisions on salaries are made separate from the decisions with respect to the various departmental programs. I certainly would look with great suspicion at such a proposal if it were made to me, especially this year.

**Senator Phillips:** I shall take a very good look at it in the coming year.

**The Chairman:** Shall clause 32 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 33 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 34 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 35 carry?

**Senator Grosart:** I have a question, Madam Chairman. Would the minister indicate the intention, if in fact an intention has been decided upon, as to the date of proclamation of this act, assuming royal assent takes place.

**Hon. Mr. LeBlanc:** Madam Chairman, I have been waiting for this bill for some time. That is not meant as a reflection on the manner in which this chamber dealt with it; rather, it reflects the effect of the summer recess. We intend to proclaim it as soon as possible. As I indicated earlier, the administrative separation is now more or less in place. It would involve only a short time before this could be proceeded with.

**Senator Grosart:** I would suggest to the minister that, in view of the wording of clause 32, it might not be wise to proclaim it before the end of the present fiscal year. I say that in view of the change from the fiscal year ending March 31, 1979 in the original draft to the fiscal year ending March 31, 1980.

● (1650)

**Hon. Mr. LeBlanc:** My slight hesitation is due to this—and I am sure Senator Grosart will appreciate it—that I would hate to see a department born on April Fool's Day.

**Senator Grosart:** I was only suggesting, if it were a possibility, that problems under supplementary estimates (B) for the current fiscal might arise if there were proclamation too soon.

**The Chairman:** Shall clause 35 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall schedule 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall schedule 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title of the bill carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

**The Chairman:** Thank you, Mr. Minister. We are very grateful to you for coming here this afternoon with your advisers to assist us.

**Senator Grosart:** I believe it is customary for us in this group to agree with and acknowledge the chairman's compliments to the minister for coming here and giving the excellent answers he has given.

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

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**The Hon. the Speaker** *pro tem:* The sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Senator Neiman:** Mr. Speaker, the Committee of the Whole, to which was referred Bill C-35, respecting the organization of the Government of Canada and matters related or incidental thereto, has taken the said bill into consideration and has directed me to report the same without amendment.

THIRD READING

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

**Senator Riley:** Honourable senators, with leave, now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tem* informed the Senate that the following communication had been received:

[Hon. Mr. LeBlanc.]

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 15, 1979

Madam,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th day of March, at 5.30 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa.

## NATIONAL HOUSING ACT
## CENTRAL MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, March 13, the debate on the motion of Senator Molgat for the second reading of Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

**Hon. Jack Marshall:** Honourable senators, this is quite an afternoon—in fact, quite an omnibus afternoon. We have gone from research councils to fisheries; from environment to parliamentary secretaries; and now we reach the very important subject matter of Bill C-29, an act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

Honourable senators, after reading the lengthy debates and controversies which arose in the other place, I think we should all recognize, as I indicated yesterday, the necessity to stop looking back and start looking to the future to provide housing for those people in Canada who need it and who do not have the advantage of shelter which everybody seems to promise at election time.

We should look at the changing conditions which have occurred over the past years, and, indeed, there have been some strides made in the area of housing. I think it would be worthwhile to put on the record that when we examine the current age groupings and current trends in Canada, it would appear that after 1980 new housing requirements for Canadians will gradually decline each year at least until the turn of

the century at which time it is predicted by the experts that the annual requirement might well be less than 150,000 units.

This projection is based partly on trends which indicate a dramatic downward change in the number of young people during the next two decades, and an even more dramatic upward trend in the number of older people. Both factors would reduce the need for new housing. I hope to be able to stress that point more fully a little later on. The number of children in Canada under the age of 14 has been steadily declining since 1966, and is expected to continue to decline until about 1981. After that there will likely be a resurgence, but the number of children at the turn of the century is not expected to equal the number in 1966.

It is so important to read these figures into the record, because certainly the baby boom was the cause of the great need for housing which we faced over the past few years and are facing now, and which we will reach again some day—probably after our time. During the same period, the number of senior citizens in Canada will continue to increase. In fact, at the end of this century the number of people over 65 in Canada will be twice as high as in 1966.

• (1700)

Keep in mind that most of the dwellings and facilities which were built to house, educate and entertain some 6½ million children in 1966, and on, still exist. Keep in mind, too, that we are adding new housing stock at the rate of about 3 per cent of the total stock every year, which makes us appreciate the fact that we will have to give a great deal of thought to the types of urban settlements we should plan for in the years ahead.

The number of 20- to 24-year-olds will peak around 1981, which emphasizes the need and our striving towards that day. Then it will rapidly decline for 15 years or more. These are the university-going people, the family-forming young adults who will likely be looking for the smaller type of accomodation, such as one-bedroom apartments. I hope we will not see at that day the vast increases in the cost of housing we have experienced in the last few years and which has put housing out of the reach of too many hundreds of thousands of Canadians.

The number of people between the age of 25 and 40—which is the age of most senators in this chamber—

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

**Senator Marshall:** —will grow at an accelerated rate between now and 1986. This is the large group of family-forming, career-pursuing people who are economically powerful and will to a large extent determine the development of the mid-term housing market.

The next group, between ages 45 and 64, will also continue to grow. They are influential as well, but their housing needs are changing as their children grow up and leave home.

We can make the general estimate—or at least CMHC makes the estimate—that the current stock of 7.5 million houses will have to be increased to somewhere between 11 and 12 million by the turn of the century. That quantity of housing will be easily obtainable because most of today's housing, as well as virtually all of the new housing to be produced in the next 20 years, will still exist in the year 2000.

I mention these demographic figures, honourable senators, because the main point I want to make today has to do with the fact that housing will now start to decline, because there are many houses on the market now and because too many of our people today, too many of our low-income people, own their own homes but cannot afford to maintain them. They cannot even afford, in too many cases, enough to eat properly let alone look after their houses.

One of the main features of the housing program which I have watched, and watched closely because it was so important to the district I had the honour to represent, was introduced in 1973. I refer to the Residential Rehabilitation Assistance Program. That falls within two categories: One under the Neighbourhood Improvement Program and one under the Rural and Native Housing Program.

Under RRAP, as it is now commonly referred to, citizens earning an income of $6,000 or less can borrow up to $10,000 to repair their homes, and have the advantage of a forgiveness factor, or grant, of $3,750. In other words, after borrowing $10,000 they must repay only $6,250. That subsidy is also available to homeowners with incomes up to $11,000, but for each $1,000 above the $6,000 level the forgiveness factor is reduced by $250.

The program was, and is, applicable to landlords under the same conditions with the forgiveness factor applicable to each unit in an apartment building or hostel, for example.

The loans are made available for the express purpose of replacing defective wiring, plumbing and heating, repairing structural faults and ensuring that essential health and fire safety precautions are taken.

In our concern for the poor this could have been the best program ever produced by any government and ever put into place not only to allow the poor, who cannot afford it now, to maintain and repair their homes and to give them a more lasting existence, but to relieve the need for the government to provide low-cost housing at a faster rate.

There were two million housing units constructed in Canada prior to the end of the Second World War, and it has been determined that between 200,000 and one million of those were then deficient in some respect or were substandard. In the light of that, it is not difficult to conclude that the program would serve the very people who need it, allowing them to carry out the maintenance and repairs they could not otherwise afford because of low income or because of increases in the cost of living.

When one considers the number of our citizens who live or exist on fixed incomes—such as those on welfare, those who are widows, those with disabilities and those who are on their own as senior citizens but who nevertheless own their own homes—it is not difficult to reason that such a program could benefit a great many Canadians. Honourables senators, when one considers, for example, the fact that there are widows in Newfoundland owning their own homes, who receive the won-

derful amount of $161 a month, one must wonder how they manage. They promptly pay over at least half of that for oil. How will they eat? How will they exists? How will they put in a furnace, for example? How will they close up the draughts? How will they get more oil, which is in such short supply?

Another excellent feature of this is that the payments which would have to be made by those citizens were subsidized to the point where they would not be a burden to the homeowner. In some cases, depending on the amount of the loan, the payments were as low as $4.75 a month. But what happened is what usually happens when the government gets involved in anything: First of all, the funding is always too limited. Secondly, the provinces become involved and agreements have to be negotiated. Areas have to be designated and the bureaucratic disease sets in, and, in turn, provincial and municipal agreements have to be negotiated and more bureaucracy raises its ugly head. Instead of the citizens deriving benefits, too many of them, who build up their hopes when they get these promises, become instead disappointed and discouraged and again lose faith in politicians because they make these false promises.

As a result of the lack of funding under NIP, for example, only certain sectors of a municipality can be given the benefits. This results in neighbouring sectors wondering why some areas are favoured while they cannot qualify. Sometimes boundaries are placed so that people on one side of the street cannot qualify, while people on the other side who are no more in need, and sometimes less in need, do qualify.

Under the Rural and Native Housing Program, which is designed to deliver RRAP to communities with populations of 2,500 or less and in remote and isolated areas, the communities are selected on the basis of some priorities, either political or otherwise, which can leave neighbouring villages or communities which do not receive the benefits wondering why they did not qualify for the RRAP programs.

I have been a very strong advocate of this program since its inception in 1973. That was even before many members of the other place knew what it was all about. I recognized it because it would have helped the part of Newfoundland I come from. I sent out thousands and thousands of these lovely pamphlets. If anyone wants to look at it he will see the Shangri-la on the horizon. It says:

● (1710)

> Fix up your home with federal government money. Walls and windows, storm windows and screens, stairs and steps, put on a new porch and veranda, put in new plumbing, put in insulation, put in a new heating system, floor joists, electrical wiring, the foundation and basement.

Think what this program could have done for the many people in the $6,000 or less income range.

The program started, but unfortunately not enough money was provided. This is the answer one always gets, when it could have provided so much help for Canadians.

In essence, honourable senators, the difficulty that resulted was that people in equal or greater need but just outside the boundaries designated could not be aided because of the lack of funds. Different provincial and municipal by-laws restricted delivery to the needy, while in other areas violations were occurring. Municipalities in which no areas had been designated did not develop their capacities, so benefits tended to go to those who had developed the delivery capacity.

I indicated that I have been a strong advocate of RRAP. I explained its virtues high and wide before many realized its advantages. I have seen small remote communities literally transformed from a deteriorated state to a state of adequacy. In some areas it has revitalized the community itself; it has injected community pride, and developed an initiative by the citizens in those small communities to provide their own shelter and do their own repairs, besides providing employment to home owners themselves, many of whom were on welfare.

But what happens again? The bureaucracy creeps in. Here is the letter I wanted to read before, that a lady wrote me from one of these remote areas. She wanted to fix up her home; she made an application and the answer she received was that they had checked things out through a credit bureau, and because she owed some money to the T. Eaton Company about 15 years ago, which she did not pay, there was nothing they could do. She told me, "As far as we are concerned, we don't owe any money to this company. It was paid off years ago." This is one of the examples of the lack of flexibility. Everyone in Canada owes money, even people who own million-dollar homes, so why should that woman be denied assistance, while her house continues to deteriorate to the point where she will be a burden on the state? Many other similar problems exist, which are too numerous to mention.

While the minister was telling me, when I was in the other place, about the lack of funds, another minister, the Minister of Energy, Mines and Resources, announced a program of $1.4 billion to insulate homes. They set up this new program, setting up an office in Montreal, although Quebec did not even enter into the program, with a new staff of around 100, accepting phone calls from all over the country from people applying for this insulation money. Yet right before their very eyes they had a program into which they should have put that $1.4 billion, because it provides for insulation. But what is the advantage of insulation to a person in northern Ontario or northern Newfoundland who has no windows in his home, or has broken windows, or has no basement, despite the fact that they don't have the money and have to invest and spend $350 to put in the insulation and then get their money back? This is completely beyond reason.

Let us take, for example, the breakdown under CHIP, the Canadian Home Insulation Program. I have put on the order paper many questions, which Senator Denis objects to. In Newfoundland, for example, 31,600 homes qualified, being built before 1941. In the three-month period from September to November there were only 96 applications. In New Brunswick, where the criterion was a little different, being for homes built prior to 1921, there were 524 applications. In Quebec there were only 147 applications. In Ontario, naturally, there were 3,572 applications, with 493,600 homes needing insula-

tion. In Manitoba there were 374 applications; in Saskatchewan 194, none in Alberta; 919 in British Columbia, and one in the Territories. That is a total across Canada of houses built that would require insulation of 1,223,500. Yet only 5,827 applied. Naturally nobody in Alberta applied because they don't need it; they will get the insulation themselves. In the Territories there was only one. I do not know why that is so. But why in the Atlantic region, where the need is so great, were there so few applications, and why was $1.4 billion put into that program, which is no good for the poor? It is no good having legislation if you are burning oil and haven't got proper shelter or walls intact.

I repeat, it could be the greatest program for the many hundreds of thousands of poor people, the widows and the disabled who are living by themselves, who need it and can't afford it, and any government would be remiss in not advancing that program and really helping Canada for Canadian unity, changing the opinion of those people who have lost faith in politicians.

Most of my remarks will be directed towards that program, because I have faith in it. I was very happy when the government decided in this new bill to make it universal. I thought it would overcome the restriction of having to be designated and having to get involved with the province and the municipality. But the universality will be no good, because there is still no money. In 1979, CMHC tells us, the capital budget is $56 million. They will need $37 million to maintain activity in the existing designated areas for work that has already begun; a further $3 million will be needed to deal with areas already designated but where work has not started. This leaves $16 million of the 1979 budget for new initiatives.

However, 68 areas have submitted final applications for designation under the 1978 rules, and after the new law comes into effect they will not need order in council designation but will warrant some priority attention. These 68 areas will require at least $7 million. That is only $9 million for some 2,250 units remaining under the terms of the new program criteria once the bill is passed. This is a very modest amount, and we should avoid raising expectations that we cannot justify.

I did not know that, and I went on the air at home and blasted high and wide, "Now all you people who wanted to take advantage of the program because you lived in the wrong place can apply anywhere because its universal." But it is no good, because there is no money, so it will still have to be done on a priority basis.

I have to agree with what is recommended now, that it has to be done over a 10-year period. But again I can only say: Why not take that $1.4 billion for insulation and put it into RRAP, so that the people can get the insulation and it will be of some benefit to them, apart from the fact that many people on welfare, living in deteriorated homes, have to go to the provincial government for more welfare to pay for oil, 50 per cent of which is in turn paid for by the federal government? They could be saving money in this time of energy shortage.

I hope Senator Molgat can impress this on the Minister of State for Urban Affairs, as I have tried to do over the years. I did it sincerely; I tried to point out the need, and it looks as though perhaps they are going to respond.

• (1720)

Another program I favour is community services. I have been an advocate of the neighbourhood improvement program, which will be eliminated, but I like the idea that under the community services program there will be discussion with the provincial ministers, and the merging of the federal assistance provided until now for such neighbourhood services as water supply, sewage treatment facilities and the construction of low-rental medium-density housing.

The federal government will continue, of course, to provide help in the form of direct grants for all those services, but from now on it will extend its assistance to a whole list of social, cultural and recreational services. I especially like the feature about recreational facilities, because there are many communities in Newfoundland, for instance, where people would like to be able to skate and participate in track and field activities. Because they have not had training facilities they have envied the residents of Ontario, British Columbia and other provinces who have been able to train for and compete in the Olympic Games and other international and national sports.

I am scared to tell them about it, because the same thing might happen as happened under the RRAP program. There is a suggestion to extend the scope of the community services program because the previous program did not fully meet the needs of all Canadian municipalities; it did not provide the flexibility required to allow communities to have recreational centres, parks, ice-skating rinks, child care centres, libraries; it did not enable them to improve their municipal buildings and to build plants for conversion of garbage into energy power, and to carry out all capital works considered priorities by municipalities.

Bully for them, I say! This is needed in small municipalities. I hope that our people will be able to have these things and not be disappointed again. But I am not going to say anything until it starts.

The other part of the new bill, under non-profit and co-operative housing, is also a reasonable step, and I hope that will come to fruition and that there will be some activity in places where it is needed. But there was always a co-operative housing program. I don't think there ever was one initiated in Newfoundland. Probably it is the fault of the provincial government. The non-profit program operates through corporations, either private corporations or those created by provincial or municipal governments and co-operatives. The sponsors obtain their mortgage loans from private sources, and CMHC provides mortgage insurance to encourage lenders to make such loans available. Loans don't have to be NHA-insured in order to qualify a project for subsidy aid.

Housing is available to anyone at market rents or less than market rents on a rent-to-income basis. The programs with the mortgage insurance and the graduated mortgage payments,

which leave some doubt in my mind, can be of benefit to Canadians. However, from what I have seen of such programs in the past, although they have looked good on paper they have failed, because of some administrative jungle, to benefit those who have been promised assistance to obtain a home, a home they deserve.

I will not deal with the graduated payment mortgage, or go into other details—

**Senator Langlois:** I am indeed very sorry, and I apologize for having to interrupt my honourable friend, but the time has come for me to make the motion to adjourn the Senate to await the arrival of the representative of His Excellency the Governor General for royal assent at 5:30 p.m.

I am very sorry to have to interrupt my honourable friend.

**Senator Marshall:** I was just about ready to conclude. I was looking for my notes on that wonderful program that the Leader of the Opposition in the other place put out. I cannot find them now, but I hope to be able to remind the minister when he appears before us in Committee of the Whole.

I thank you for your attention, and I hope that we will see this housing program directed towards Canadians who deserve it.

**Senator Langlois:** Of course, my honourable friend realizes that he can carry on with his speech when we resume at 8 o'clock.

[*Debate continued later this day.*]

## BUSINESS OF THE SENATE

**Senator Langlois:** Honourable senators, I move that the Senate do now adjourn to reassemble at the call of the bell at 5.25 p.m. to await the arrival of the representative of His Excellency the Governor General for royal assent.

**Senator Grosart:** Before the question is put, I wonder if the Deputy Leader of the Government would care to indicate the program, as he sees it now, for Senate sittings for, shall we say, the balance of the week.

**Senator Langlois:** My expectation is that we will have to sit this evening in order to finish with this housing bill, and I hope that after second reading we will go into Committee of the Whole and conclude this study tonight.

When we adjourn tonight, I should like to reiterate my motion for leave to adjourn until 11 o'clock tomorrow morning. If I do not get leave, I will have to withdraw my motion and we will automatically come back at 2 o'clock tomorrow afternoon to have royal assent and deal with any other measure that might come from the other place in the meantime.

**Senator Grosart:** May I ask the deputy leader if it is the intention to suggest royal assent to the Central Housing and Mortgage bill, if passed, say, today? What would the plans be for royal assent in that event?

**Senator Langlois:** The future of the bill is so uncertain that it is difficult for me to make, at this time, arrangements for royal assent tonight.



I am afraid we will have to postpone it until tomorrow afternoon or as early as we can tomorrow.

Motion agreed to.

The Senate adjourned during pleasure.

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• (1730)

At 5.30 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

An Act to amend the Northwest Territories Act.

An Act to exempt certain shipping conference practices from the provisions of the Combines Investigation Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until 8 p.m.

At 8:15 p.m. the sitting was resumed.

## VISITORS IN GALLERY

### ROYAL CANADIAN MOUNTED POLICE OFFICERS

**Senator Langlois:** Honourable senators, I should like to call your attention to the presence in the south gallery of a group of Royal Canadian Mounted Police officers. I welcome them

to the sitting this evening. I should point out to them that this is an unusual sitting of the Senate in that we will be sitting in what is referred to as Committee of the Whole to deal with Bill C-29, an act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

**Senator Grosart:** Honourable senators, on behalf of my colleagues, such as are left, I join with the Deputy Leader of the Government in welcoming this distinguished group of gentlemen to the Senate. I am sure they will understand, as their careers develop in the interesting occupation they have chosen, that there may be times when the police forces are greater than those they are policing, which is the situation this evening. This is an unusual situation in the Senate tonight and I hope our guests will not get the impression that this is an indication of the usual attendance in the Senate. Normally our attendance is much better than that in the other house.

## NATIONAL HOUSING ACT CENTRAL MORTGAGE AND HOUSING CORPORATION ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from earlier this day the debate on the motion of Senator Molgat for the second reading of Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

**Senator Marshall:** Honourable senators, when we adjourned this afternoon I was dealing with the many aspects of Bill C-29. I understand that if the bill is given second reading it will be committed to a Committee of the Whole. Therefore, in order to provide time for my honourable colleague, Senator Philips, to participate in this debate, and in order to facilitate the business of the house, I will now yield to Senator Phillips so that he may give the house the benefit of his expertise in this area.

**Hon. Orville H. Phillips:** Honourable senators, at the outset I should explain our strategy on this side. This is the second day we have followed it. Senator Marshall leads off and I follow, and it is our hope that eventually we will wear down those of you who support the government, and that you will become so bored and fed up that you will go en masse to the Prime Minister and ask him to call an election.

**Senator Argue:** That would not mean a thing.

**Senator Phillips:** Honourable senators, when Bill C-29 was introduced in the other place, the minister responsible for housing stated that there was no housing crisis in Canada. He then, of course, went on to explain *ad nauseam* how bill C-29 was going to correct the "non-existent" housing problem.

The major problem with housing today is its cost. The average single dwelling costs in the vicinity of $70,000. Annual interest on this amount equals approximately $6,000 or $6,500 a year. When that is added to a municipal tax assessment of $1,500, and the heating, utilities, insurance and maintenance costs, it can be seen that it costs approximately $1,000 a month to own a home. On top of the cost of $1,000 a month for owning and operating a home, the Department of National Revenue adds approximately $300 per month in income tax.

Honourable senators, most of the general public look upon us as being very well paid, and I am not complaining about that now. I will do that some other time. The average take-home salary for a senator, after income tax is deducted and other deductions are made, is approximately $1,400 a month or, in other words, if one of us attempted to purchase a $70,000 home today, we would be left with approximately $100 a month from our take-home pay.

Home ownership may not be a serious problem to some of the millionaires in the cabinet, but there are many people in this chamber who are paying for homes and who are far from being millionaires. There is a crisis in housing, and the crisis is the cost.

Several years ago the then minister responsible for housing, the Honourable Mr. Danson, appeared before a Committee of the Whole of the Senate and emphasized the wonderful solution we had in the Assisted Home Ownership Plan, or, as it is well known, AHOP. At that time we pointed out that there were several problems built into AHOP that would arise in the future, and as soon as those problems began to surface we found that the government was resorting to its old technique of calling in the advertising boys and saying, "Camouflage the problem a bit and, above all, change the name." This is exactly what we have in this case.

• (2020)

AHOP was enacted by Parliament, but the graduated mortgage payment plan was brought in last year, not by an act of Parliament, but by the issuance of press releases. There seems to be some connection between Christmas and an election. I find that the members of the cabinet are now, like late Christmas shoppers, going around trying to get their last minute Christmas shopping done.

The sponsor of the bill, Senator Molgat, is, I am sure, well aware of the problems created by AHOP. One-half of the homes repossessed by Central Mortgage and Housing Corporation were purchased under AHOP. I would be very interested to learn from the sponsor of the bill how many homes have been repossessed in the first, second and third years of the program.

Several of the financial institutions have refused to go along with the graduated mortgage payment scheme, and have recommended to their clients that it is a very unsatisfactory plan. They have advised them not to participate in it. Perhaps we can have some further information on the number of leading chartered banks and trust companies which have refused to participate in the plan.

A few days ago I received this brochure from Central Mortgage and Housing Corporation, and I draw your attention to it. It shows that for each unit of $1,000 that the

individual borrows the amount owed keeps increasing. I am not much of an economist, but it seems to me that after you have paid on a home for six years the amount of the debt should be reduced somewhat; but this is not the case. Just look at the tables. At the end of six years of payments on the mortgage, for each unit of $1,000 the victim now owes $1,068.10. The figure keeps on increasing, and it is not until the eleventh year of a twenty-five year mortgage that we find the amount of the mortgage beginning to reduce. Only one thing can possibly happen. About 50 per cent of those who are sucked in by this program will walk away from the house and say, "Here. Take it back. I can no longer afford to go any further into debt, and you can take full responsibility."

The bill also provides for the construction of modest cost rental projects by non-profit corporations. I was intrigued by the eloquence of the minister in the other place in describing what a wonderful balance of people he was going to get to move into these units. The minister would have us believe that a certain percentage would be made up of those who could afford to pay the market price and more, with the balance being those unfortunate enough not to be able to pay the market price. In fact, one would almost think that the Prime Minister had spoken for one of the units for occupancy after the next election.

I do not think we are going to get that mix of people in these units. They will be considered low-cost housing, and anyone who can afford to pay the market price will live elsewhere rather than face the stigma of living in low-cost housing.

Reference was made to the fact that the provinces and municipalities would participate in absorbing any losses on these units. I would appreciate an explanation as to the percentage of the total loss to be assumed by the provinces and municipalities.

The proposed section 54.4 provides for a termination date of not more than two years after the coming into force of Part VIII.1 of the bill for any application for a grant under community services. I fail to see the urgency for such a termination date, especially when one considers the length of time it takes an applicant to receive approval from the Central Mortgage and Housing Corporation. Unless that termination date is extended, we will have only about a dozen projects approved in the first two years.

The sponsor of the bill did not mention the Neighbourhood Improvement Program. Perhaps that program is being phased out. The budget for NIP in 1979 is listed as $79 million. However, $37 million of that is committed for projects on which work has already commenced. A further $3 million is designated for projects already approved, leaving $16 million for new projects in 1979. Already approved are 68 projects, taking up $7 million, leaving $9 million for approximately 2,250 units for the year. I suspect that those interested in NIP will receive the same response as they would for RRAP, which Senator Marshall very adequately covered this afternoon.

Housing starts declined in February this year by 27 per cent from January. They are down 43 per cent from February 1978. The February rate was the lowest since 1975, and the projected rate of housing for the year will be the lowest since 1970.



• (2030)

**Senator Steuart:** Everybody has one, that's why. Let's face the fact; we are the best-housed people in the world.

**Senator Phillips:** Everybody may possibly have a home, but I am not too sure that Senator Steuart would want to share them all.

**Senator Steuart:** I have shared a few of them in my time. I should like to ask the honourable senator a question.

**The Hon. the Speaker** *pro tem:* Order.

**Senator Grosart:** Ask permission first.

**Senator Steuart:** I know the rules.

**The Hon. the Speaker** *pro tem:* Order, please.

**Senator Steuart:** May I ask the senator a question?

**The Hon. the Speaker** *pro tem:* Yes, you may, but I do not think any senator should interrupt another senator who is speaking. However, if a senator wishes to ask a question, he may do so.

**Senator Phillips:** You can ask the question, Senator Steuart, when I have finished my remarks.

I do not expect an improvement in the housing situation this year, and in support of that remark, I refer to a comment made by the Honourable Robert Andras who is President of the Board of Economic Development Ministers—in other words, he is the keeper of the purse strings. He said:

> The view has been put that there will not be a requirement for the same number of housing starts that prevailed over the last five or ten years.
>
> I think in each of the last five years they exceeded well over 200,000, or closer to 250,000.
>
> It is doubtful there will be a requirement for that level of starts, so the industry is going to move into industrial and commercial enterprises—

There is obviously a divergence of views between that of the Minister of Housing and Urban Affairs and the President of the Board of Economic Ministers. On the one hand, Mr. Ouellet is saying the numbers will increase and, on the other, Mr. Andras is saying they are going to decline. Perhaps at the committee stage we could hear from both ministers and have them explain their different views.

**Senator Steuart:** Would the honourable senator answer a question?

**Senator Phillips:** I will do my best.

**The Hon. the Speaker** *pro tem:* The Honourable Senator Steuart.

**Senator Steuart:** Would you deny that there has been more housing starts per capita in the last five years in Canada than in any of the other western nations of the world?

**Senator Phillips:** I think that is quite possible, but I would point out that we are also the youngest of the countries in the western world. The number of houses required in, say, Great Britain is not going to be as great as in Canada. Some of their homes were built a long time ago; we are just building our homes now, so it is difficult to make the comparison.

**Senator Steuart:** Would the honourable senator also admit that we have more single dwellings per capita than any other nation in the western world?

**Senator Phillips:** We have adequate space for single dwellings, and many of the other countries do not.

**Hon. Gildas L. Molgat:** Honourable senators—

**The Hon. the Speaker** *pro tem:* I wish to inform the Senate that if the Honourable Senator Molgat speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Molgat:** I want to thank very much the honourable senators who have participated in this debate because I think all of us, regardless of which side of the house we are on, recognize that the question of providing good housing at reasonable prices to Canadians is one of the essential responsibilities that we, in government, accept. What we are trying to do in this debate is to find the best way of serving that need.

Earlier today there were indications that there might be some difficulties in having the minister responsible present when the Senate was ready to proceed with the bill in committee, and I attempted at that time to be in a position to answer in detail the questions posed by honourable senators. Since then, fortunately, the minister has made himself available and is at the present time waiting to appear before a Committee of the Whole, if that should be the decision of the Senate, and will be in a position to answer in detail the various questions that have been posed. So I shall not attempt to cover all of them; I shall touch on some of them as best I can, and if further details are required, then the minister, I am sure, will be more than pleased to give more extended answers.

I want to touch on one item that has been mentioned, and that is the urgency of the debate and the passage of the bill, and I should like to thank my honourable friends for having agreed to this and allowing the debate to go forward as it has. As honourable senators are aware, the other place did co-operate very well in this regard, and there was all-party agreement, following discussions, on a number of amendments put forward and accepted. The bill, I think, received very general approval.

Again on the question of urgency, I can tell you that this afternoon there was a telegram delivered to the Leader of the Government in the Senate, the Honourable Ray Perrault, which reads as follows:

> The Real Estate Board of Greater Vancouver, representing some 4,000 members and associates in the Vancouver Metropolitan area, is vitally concerned with the legislation contained in Bill C-29, amendments to the National Housing Act, now before the house. We urgently solicit your support in ensuring a speedy passage of this bill.
>
> Ian G. Dennis, President

This is an example of many of the communications that have come forward.

**Senator Marshall:** From one end of the country.

**Senator Molgat:** From one end of the country, but I think the bill does provide for some help as well for another end of the country, that is represented by my honourable colleague Senator Marshall, who spoke eloquently this afternoon. When he asks, "What is the point of spending money on insulation when there are no windows or doors?" I think he puts the case in a most forceful manner. I say to him that I think the bill will provide some help for those houses with no windows or doors, because the intention of the bill is, in fact, to provide more money.

Specifically on the point he was making, first, the bill will remove the designated areas so that now all housing which is considered to fall under the "needs" category can be considered. So "designation" is not going to be a factor. It will no longer be the case, as he was saying, that some areas will not be getting help.

Secondly, there is a question of the amounts of money available. Previously we were depending on government funds, and these, by the very nature of things, are limited. Under the new program it will no longer be a case of depending on government funds; it will be a case of private funds guaranteed by government. Instead of dealing with a limited amount of government dollars, in future we will in fact be dealing with a virtually unlimited private source insured by government, guaranteed by government. So we should be able to provide under the new act much more help to areas such as the one Senator Marshall speaks of. I think, therefore, that this bill will be of great assistance to the kinds of areas Senator Marshall is concerned with.

● (2040)

Senator Phillips has touched on a number of points. I will not cover all of them, but briefly, if I may, I will answer his question regarding NIP. That program is cancelled. That is true. However, it is being replaced by a new program which is better because it is broader. It is a program he will find in the bill under Part VIII.1, Community Services. Far from being a reduction, he will find, I think, that it is an improvement and a better service to the areas involved.

Senator Phillips also mentioned the inventory of housing under AHOP and how much of that had been turned back to the government. The information that I have is that the unsold AHOP houses have gone down by half, from 28,000 units at the end of 1977 to 14,000 units at the end of 1978. It is true that some have been turned back, but I think it is inevitable that there will be some cases like that. When we go into programs to assist people on marginal incomes, we have to accept that risk. But the totals are encouraging. At the moment only 3 per cent of the total are in default; 97 per cent are up to date. I think it is unlikely that half of those would turn out to be in default in the future. I accept, though, that, when you are dealing with marginal areas, the risk is greater.

Nevertheless, it is a risk we have to accept when taking the proper social role of helping those people who are in the greatest need.

I should like to close on a question Senator Grosart put to me in the first instance when I introduced the bill. I regret that I did not reply to him at that point, because I could have in part, at least, if not in full.

One of the purposes of the bill is to move towards privatization. That is the use of private funds rather than public funds, but private funds encouraged by a government guarantee or government insurance. That enables us to tap the enormous resource of private capital in this country and use the government resource of insurability, the government guarantee, to bring that private capital into that social area, that housing area where there is a need. Rather than calling on more government money, therefore, this bill in fact reduces the demands on the public purse.

Last year the overall demand on capital budget by CMHC was in the order of $1.3 billion. That was the rough CMHC capital budget. The current budget provisions under this bill are down to $450 million—in other words, one-third of the previous capital requirements. When you consider that it was $1.3 billion one year ago, and then take into consideration inflation and the increase in demands we could have expected had there not been a new bill, the demands this year for capital purposes would have gone substantially beyond $1.3 billion. This bill will cause a very substantial reduction so far as public funds are concerned. There will, of course, be a public guarantee for private funds that will be used, but I think this is a very major step forward.

Honourable senators, I hope I have in general terms answered the questions asked. If there are further details, and if it is the wish of the Senate, we may hear them directly from the minister himself.

I commend the bill for second reading.

**Senator Grosart:** I wonder if Senator Molgat would agree that an adequate answer to the somewhat frenetic intervention by Senator Steuart might be found in the words of the minister when he introduced this bill in the other place on February 21:

> Our present housing programs, which are undertaken in conjunction with the provincial governments, hardly provide at the moment 19,000 units a year; it is not enough to meet the needs of the country. It is obvious that we must build each year a greater number of units for old and low income people.

**Senator Steuart:** Honourable senators—

**Senator Grosart:** I was not asking Senator Steuart.

**Senator Steuart:** You referred to my "frenetic intervention."

**Senator Grosart:** I was asking a question of the sponsor of the bill, Senator Molgat. We do have rules here, you know. Perhaps the sponsor of the bill would like to answer, and then perhaps His Honour will permit an intervention by Senator Steuart.

[Senator Molgat.]

**Senator Molgat:** I think the minister stated the position directly. He did say that 19,000 units for people in the low income brackets, an particularly older people, were insufficient. I think the number he proposed was 30,000 units annually, and one of the purposes of this bill is to enable this to happen. The use of private funds to encourage this is, I think, a good thing, and I believe the government can do a better job by guarantee rather than doing it directly itself.

**Senator Grosart:** Those were not my questions. I was asking about the intervention of Senator Steuart.

**Senator Molgat:** I am replying to the question Senator Grosart posed to me, not the question of Senator Steuart.

**Senator Steuart:** Honourable senators, might I add something?

**The Hon. the Speaker** *pro tem:* In all fairness, since Senator Steuart's name was mentioned by Senator Grosart, I think I should allow him to clarify the situation.

**Senator Steuart:** Thank you, Mr. Speaker.

Honourable senators, I was not talking about whether we need more housing or not. There is no question but that we need more housing. That is why the government has brought in this bill. The Liberal government recognizes that we need more housing for the poor and the old. My question was: Is it not a fact that in Canada in the last five years we have produced more houses per capita than any other nation in the western world; and is it not also a fact that we have more single-family dwellings in Canada per capita than any other nation in the western world? The point I am trying to make is that we have achieved tremendous success in housing in this country, but being a Liberal government, of course, the government is not satisfied and wants to do more.

**Senator Molgat:** In answer to Senator Steuart's question, I think I have to agree with him that the total production has in fact been very substantial. We are probably the best housed nation in the world. I believe we have done tremendous things, and all of us who have been to housing project openings, particularly those for senior citizens, recognize what has been done. However, there is still more to do—and the bill attempts to do that very thing—to provide even better housing. That is no criticism of what has been done. It is an ambition to do even better.

**Senator Grosart:** A good answer to a question that was not asked.

Motion agreed to and bill read second time.

● (2050)

REFERRED TO COMMITTEE OF THE WHOLE

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

**Senator Molgat:** Honourable senators, I move, seconded by the Honourable Senator Hastings, that the bill be committed to a Committee of the Whole presently.

Motion agreed to.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Neiman, in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable André Ouellet, P.C., Minister of Public Works and Minister of State for Urban Affairs, was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, the Senate is in Committee of the Whole on Bill C-29, intituled: "An Act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments."

Shall discussion of the title of the bill be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 1 carry?

**Senator Marshall:** Madam Chairman, I presume that clause 1 is broad enough to deal with many aspects, and I am sure the minister will be able to determine what my interest was in the House of Commons and indeed still is—the provision of help in the form of financial assistance to those in substandard housing.

The minister has indicated the need, and I think in his own words he used a figure of 155,000 who required "RRAPing" under NIP or Rural and Native Housing. I have advocated that program for many years, and my only quarrel is the lack of funds for that purpose.

In my speech today on second reading, I tried to relate the fact that there was not enough money directed into RRAP programs, in whatever area, whether under NIP or Rural and Native Housing, yet the Minister of Energy, Mines and Resources can provide $1.4 billion for the Canadian Home Insulation Program.

According to the records, from answers I have received in reply to questions on the order paper, the amount of money that had to be directed to that end has been negligible. I can only ask for the minister's comments. Insulation is of no use to the widows, senior citizens and poor people who cannot make their houses tight, in order to take advantage of insulation. They cannot even use it, even if they could afford to spend the $350. There should be consultation with this interdepartmental task force, or whatever is the committee that will deal with the matter, with a view to providing more funds from the insulation program, which is not being used, toward the RRAP which, in my opinion, is probably the greatest program with which to help Canadians face life and to encourage national unity.

Another point—and this is something that I wanted—is the universality aspect that is included in this bill. But unfortunately we are faced with the problem we had before, where areas had to be designated, and where there was not enough money for municipalities to include the overall municipality, city, or town with a population of over 2,500 people or to deliver the RRAP to those people in the city who needed it.

I hesitate to use the letter that was tabled in the House of Commons, but it indicated that of the $56 million that is going to be allocated next year, with all the commitments that have been made there will be only enough to provide 2,250 units in Canada—which, in my opinion, is unfortunate and does not meet the needs of those people whom we could serve. It would be such a boost to this country if we were able to help the poverty stricken lengthen the existing life of their homes by 15 or 20 years.

I am wondering whether this is a matter of concern to the minister. Perhaps he will tell us how he can overcome this lack of funding which will delay the deliverance of RRAP to so many people who deserve it?

**Hon. Mr. Ouellet:** Honourable senators, I appreciate the opportunity that I have been given to appear before you to explain some of the elements of this legislation and to answer questions. I appreciate the intervention of the honourable senator. I share his belief that there is indeed a substantial lack of public funds to meet the needs of those who are living in substandard accommodation, or those who are looking forward to taking advantage of the Residential Rehabilitation Assistance Program.

The reason for this legislation is to try to get the private sector to become more involved, to do its share. The two levels of government, federal and provincial, quickly realized that in order to put in the market the appropriate number of social housing units required they would have to rely more heavily on the private sector, on the financial institutions, to support the government's initiative.

• (2100)

We believe that through the arrangement permissible under this legislation the production of social housing units will be tripled in the coming years. Surely, our level of production of social housing units that was around 14,000 to 16,000 units a year will definitely, within a year or 18 months, jump to 30,000 units a year. We hope it will increase as the new mechanisms of co-operation between the federal and provincial government are in place. We hope to substantially increase the production of social housing units.

In relation to your remark regarding Residential Rehabilitation Assistance Programs, I want to say that we are, indeed, making sure that by asking the private sector to make loans available we will retain our cash requirement that is necessary to pay the subsidies. The owner will be in a position then to go to a bank, credit union or other financial institution to borrow the money rather than go to the federal government. We will insure the loan and have all the cash requirements available to subsidize a portion of the program. We believe that we will be able to extend considerably, therefore, our effort and our involvement in the rehabilitation of homes.

As you will notice in the bill, we are doing away with the designated areas. This means that anybody living anywhere in Canada will be eligible for the program. It was felt unjust that some people, because they were living in a designated area, were eligible for the program, and somebody else living across

the street or in another village was not eligible because the village or the street in the city was not designated as being part of the program.

In closing my remarks, I wish to refer to a letter which was prepared by the President of Central Mortgage and Housing Corporation, because the honourable senator mentioned it. Many members of the other place in their remarks also referred to this letter. I must say that they have given a wrong interpretation to that letter. The letter, if read thoroughly from the first line to the last line, talks about a 10-year plan. No one, in all seriousness, could contemplate to do overnight the extremely important task of rehabilitation of homes in Canada. The honourable senator is quite right in saying that we are putting forward this program to assist Canadians accustomed to living in homes in certain sections of the city to continue to live there rather than be expatriated to the suburbs. We hope that they take advantage of this program because they would rehabilitate their home and permit it to be a good home for another 10, 15 or 20 years.

Therefore, the intent of the letter that has been prepared by the President of Central Mortgage and Housing Corporation was to make sure that nobody could say that we would do the job overnight. It is a 10-year program. Indeed, this letter was written before the legislation was introduced and before we opened up the possibility of the provision of resource funds by private sector financial institutions. It is now a new ball game. That letter has a minor significance because now we have a new environment.

We do believe that we could have a universal program that will be implemented in a certain period of years. It cannot be done overnight. We will have more money available via the private sector, and the funds from the federal government will then be available for the subsidies portion which is extremely important in such a program, particularly in areas where people have modest incomes.

**Senator Marshall:** Madam Chairman, I do not think the minister and I are in conflict. I recognize that in order to satisfy every need the amount would become exorbitant. However, I still disagree with the fact that the Minister of Energy, Mines and Resources has $1.4 billion to spend over seven years when that money could be better placed in the hands of those who require RRAP grants.

I agree also that it has to be a 10-year plan, and I am glad to see it is happening that way. It might have happened better in 1973 when the program came into place. The other fault I see is the—and I hate to use the word—bureaucracy, but, as I mentioned in my speech earlier this day, one of my constituents wrote to me indicating that she was refused a RRAP grant because she owed money to the T. Eaton Company 15 years ago.

As I further indicated, I can own a $100,000 home and would still owe money. Anyone owning a $1 million home would still owe money. I point that out to show that there is such a jungle of different interpretations of what the deliverance is supposed to be, and what the objectives are supposed to be. I agree with the minister, and I hope the private sector will provide the money, but when people go to look for that loan I hope that the government will have people in place in the Central Mortgage and Housing Corporation's offices to be able to stop the difficulties which a poor person has to face and be able to deliver the RRAP grant. I have to say that the RRAP is a marvelous program. That is more of an observation than a question.

I wonder if I could move on to the non-profit and co-operative housing aspects of the bill. Again, the co-operative housing program could be a great asset to the many low-income earners if they get together and build homes. They are now getting more benefits than they ever got before. I am a little stymied by the definition of a non-profit organization. I wonder if the minister could, in a few short words, define that, because I will receive many more letters and will be trying to help these non-profit organizations get into this, and to help other people get into public housing, or meet whatever the need is.

• (2110)

**Hon. Mr. Ouellet:** Madam Chairman, I think the easiest explanation I could give is that there are two types of non-profit organization. First of all, these are the public non-profit projects, sponsored by the provinces, for social housing for the aged or low-income families. These are the normal, conventional programs put forward by the provincial non-profit organizations.

We have made provision, in this piece of legislation, for the possibility of municipalities with the appropriate infrastructure to sponsor such projects, and therefore financial institutions will be financing quite heavily the municipal non-profit organizations.

Then there is a third group, which I will call the private non-profit group. Here we have in mind church organizations—various charitable or social clubs—that create non-profit corporations for the purpose of building old age homes or residences for families, or another group, the co-operative movement, that is becoming more and more active. They are also private non-profit organizations.

The delivery of units, therefore, for social housing purposes, will take these various avenues, whether through the public, provincial of municipal non-profit organizations, or via the private non-profit organizations, be they the co-operative movements or the social club movements.

**Senator Marshall:** A veterans housing program was introduced a few years ago, and it seems that the veterans are becoming more and more involved, or should be, in the provision of housing for veterans and senior citizens. I think the legislation states that they can provide shelter for senior citizens, but 50 per cent has to go to the outside. I am a little alarmed by the fact that there is nothing included in this bill along those lines, although it could involve the veterans affairs legislation, in the sense that I have been hearing rumours that part of the legislation might be cut off. Could the minister clarify whether this is so or not?

**Hon. Mr. Ouellet:** Madam Chairman, I can indeed reassure the honourable senator that there is no mention in this piece of legislation of that matter, because what we are dealing with is a series of amendments to the National Housing Act, and there is no mention here of the veterans program. This does not mean that we do not consider that to be an important program on its own merits. It has its own funding, and is indeed still very much alive.

**Senator Marshall:** The other part that I liked about the program, if I can believe it, is the community services. I think the NIP has been a good program. Unfortunately, a lot of municipalities could not take advantage of it because they could not repay the federal loans. There was a perfect example of this in my district, in the town of Stephenville. They had to give up a $400,000 loan, or grant, because they did not think they could keep up the payments.

I am interested in the wide scope of the community services program. Indeed, I almost cannot believe that municipalities can do almost anything to improve their town halls, and put up rinks and recreation centres, and I am wondering if the minister may not be a little too ambitious in thinking that private lenders are going to place those many millions of dollars. I am sure the minister must have checked, but could he give us some idea of what is actually going to happen, apart from the words that are so inviting in the legislation?

**Hon. Mr. Ouellet:** The section of the bill dealing with the community services program permits Central Mortgage and Housing Corporation to administer such a program. The honourable senator was referring before to the neighbourhood improvement program, or the sewage treatment programs that existed before, and which were rather sectorial and limited in their approach. Through discussions with the provinces and municipalities across Canada, it came to our attention that we ought to design a program that would provide much more flexibility to the municipalities in the selection of their own priorities, and enable them to provide the kind of infrastructure work that they felt was important.

What the federal government used to do under the previous program was merely to force the hand of municipalities by saying, "Here are some resources that are available if you will carry out some neighbourhood improvement projects." Many municipalities were interested in this and were happy to take advantage of the program; but a number of others felt that they had another set of priorities. Substantially, by making almost any type of local infrastructure work eligible under this umbrella known as the community services program, we let the municipalities, with the concurrence of the provinces, decide how they would spend the money. What we do is to make a grant that is applicable to the reimbursement of municipal expenditures. What this means in reality is that the municipalities have their own budget, and their budget is approved by the province after consultations between the provincial and municipal authorities. In producing their budget, and in allocating funds for their various programs, they know that some funds will come from the federal government which are to be used to reimburse certain expenditures incurred by municipalities for certain types of projects that have been approved by their provincial government and the federal government.

The financing aspects in these situations are no different from the ones that normally occur within a municipality. As far as the federal government is concerned there are no strings attached and no specific conditions. The fund is there, and goes directly to the municipalities via the province, to reimburse the cost of some of their projects. It is therefore an indirect method of helping municipalities that are encountering the financial difficulties. We do believe that it will have a tremendous effect, not only in terms of allowing municipalities to undertake certain projects that they would otherwise have put aside for a period of time, but will also have the advantage of creating a number of jobs at the local level in a variety of small municipal work projects.

**Senator Marshall:** Would any municipality that drew up a plan for municipal improvements along the lines we mentioned have to apply to the province, and would the province have to apply to the federal government on a priority basis, as before, or would the municipality concerned, if it wanted to take on a project next year, for example, have to wait because the province decided that some other community had a higher priority? Can they be assured that their efforts will be recognized without having to go through the priority system of the province in dealing with the federal government?

• (2120)

**Hon. Mr. Ouellet:** For example, Newfoundland is eligible for $4.2 million in 1979—

**Senator Marshall:** Not enough.

**Hon. Mr. Ouellet:** —and for $7 million in 1980.

**Senator Marshall:** Better.

**Hon. Mr. Ouellet:** The municipalities in Newfoundland would prepare their budgets and plans in the normal course. They would then discuss the planned projects with the appropriate provincial authority. The provincial authority would, in turn, negotiate with the federal government the distribution of the funds allocated to that province. The federal government will enter into an agreement with each province under which the provinces will designate a certain number of municipalities for specific projects. Once the projects are completed, the municipalities so designated will receive, through their provincial government, a cheque from the federal government.

**Senator Steuart:** If I might ask a suppplementary question, isn't it true that the priority still lies with the provincial authority? Your department will not deal directly with the municipalities. If a province wishes to squeeze a given municipality out, it will be able to do so. Isn't that true?

**Hon. Mr. Ouellet:** Madam Chairman, in reply to the honourable senator's question, the answer is yes. The first priority lies with the municipalities. However, municipalities, under our federal system, are creatures of the provinces, and we must respect that jurisdiction. We will not deal directly with the municipalities. We will only entertain those proposals coming

through the respective provincial authorities. If the provincial authority does not wish to put forth a given proposal for consideration, that will end it. That is a decision that will be made at the level of the provincial government, not the federal government.

**Senator Phillips:** Honourable senators, I listened with interest to the explanation of the minister respecting the community services aspect of the bill. The proposed section 54.4 has a cut-off date two years after the coming into force of the act. Why is the period in which this provision will operate so short?

**Hon. Mr. Ouellet:** Madam Chairman, the cut-off date in question is not in relation to this new program as such. Rather, it is in relation to the old program. We felt that a period of two years would allow projects entertained under previous programs to meet the eligibility standards for any extra funds that could be required as a result of unexpected costs. If, for example, a project under the previous program was estimated to cost $1 million and had escalated to $1.5 million, this would allow an adjustment to be made. We felt there had to be a certain period in which such adjustments could be made, and this was the one we chose.

**The Chairman:** Honourable senators, I would suggest that we deal with questions of a general nature at this stage and leave questions on specifics to our clause-by-clause consideration.

**Senator Phillips:** Madam Chairman, I should like to follow up on a question raised by Senator Marshall in relation to the co-operative or non-profit housing ventures. I had some difficulty following the explanation made in the other place as to who would be responsible for losses incurred in projects of this nature, and I am wondering whether the minister might now explain that to us.

**Hon. Mr. Ouellet:** Madam Chairman, any project entertained by a province will obviously come under the responsibility of the provincial authority. In the case of private non-profit organizations receiving funds from the private sector, the federal government will guarantee the loan. If the project went sour, Central Mortgage and Housing Corporation would take up the slack.

Under the new program, the intention is to try to promote a multiplicity of projects smaller in nature than was the case under previous programs. We believe that the huge projects of the past sponsored by private non-profit organizations were not really appropriate. In terms of the social environment, such projects created all kinds of problems. In effect, they created ghettoes in the sense that you then had a number of people in the same income range crowded into a given project. We do not believe that is necessary. To avoid that, the policy is to support the initiatives of church and other private group organizations who would like to form a non-profit group. We will encourage them to buy in a small village or build projects with not more than 30 or 35 units. These smaller projects are easier to manage and are less risky than are the huge projects that we have seen attempted in the past. If there have to be large projects, we believe they should come under the responsibility of the public non-profit organization, the province or municipality.



**Senator Phillips:** Would the municipality be treated in the same respect as the provinces in absorbing the losses on a municipal-sponsored project?

**Hon. Mr. Ouellet:** Yes, except we have indicated that, in terms of guarantees, we will accept debentures of municipalities. Indeed, by and large, any municipality that is permitted to proceed with a municipally sponsored project under the provincial authority will not be in the position to freely manoeuvre without having the prior approval of the province. So to that degree, at any rate, there is some control exercised by the provinces in relation to municipal initiatives.

• (2130)

**Senator Phillips:** If I might change the subject, I am sure we have all read, in the newspapers, criticism of the graduated mortgage payment plan. I have particular criticisms of that, Mr. Minister. I notice that various banks and trust companies have criticized it, and even bankers, who sometimes consider the best interests of their clients, have advised their clients not to participate in this program. Have you received formal notification from any of the chartered institutions of the banks and major trust companies that they will not participate?

**Hon. Mr. Ouellet:** Madam Chairman, I should like to answer the honourable senator by saying that, indeed, we did receive, at the early stages of the proposition for this new graduated payment mortgage plan, some reservation and some opposition by some financial institutions. Some banks expressed their concern about the scheme.

Since the program has been implemented, over 5,000 units have already been financed via the graduated payment mortgage plan. We know that a number of trust companies, credit unions, caisses populaires, and some financial institutions have decided to offer this option to their clients. We believe that the program has experienced some success in some states of the United States of America.

By and large the initial reaction of the financial institutions has been rather prudent, and that is natural, and I am not scandalized by it. However, I do believe that pretty soon you will see almost every financial institution introducing a type of graduated mortgage payment scheme.

I read in the paper, no less than 10 days ago, that one very large banking institution in Canada was putting forward its own version of a graduated payment mortgage program. It was not called that, but when you look at the detail you see that it amounts to exactly the same thing.

**Senator Grosart:** I would just ask one general question of the minister, and it relates again to the non-profit housing program. The minister has been very emphatic in assuring those who participate that their interest rate obligation will be held down indefinitely to 2 per cent. He said:

> —no doubt that we will grant you an annual subsidy to reduce that rate of interest, which may be 10 or 9 per cent, as I said, to 2 per cent. The difference between that

> 2 per cent and the 10 or 11 per cent the market may be asking, you will receive each year in federal government grants.

To my mind, this raises two questions. One, of course, is: Are these to be "grants" in the technical sense or are they to be subsidies? If they are grants, of course, they are not subject to audit. Perhaps the minister can tell us whether these are actual grants in the technical sense under the Financial Administration Act and other acts.

My second question, which is more important, is: What is the time guarantee on these promises of the federal government? We are all aware that it has been the recent practice of the federal government to unilaterally terminate some of its obligations in this general area. We have recently had the federal government unilaterally say, in the hospital and medicare field, "We are just terminating our obligation unilaterally; you have nothing to say. We are not going to consult you in advance. We are terminating this." What is the nature of the guarantee to these non-profit housing entities which may enter into this that the federal government will not at any time unilaterally terminate its obligation to them and, therefore, leave them at the mercy of the market mortgage rate?

**Hon. Mr. Ouellet:** Madam Chairman, in answering the question of the honourable senator, I would say to the first question that these funds are going directly to the various non-profit organizations, that is, a provincial, municipal or a private organization, in the nature of a subsidy. Depending on the income of the people who live in the projects, the portion of the federal government contribution will vary according to the income generated in the projects. We will not be obliged to pay if the revenue of the people living there escalates to a point where the rate of the rent in the projects make them profitable. Being a non-profit organization, we will cover only the portion that is necessary to pay the difference in the operation.

In relation to the second question, I want to assure the honourable senator that, indeed, the projects as they will be approved, would have to be approved according to the funds voted annually by Parliament to the Central Mortgage and Housing Corporation. There is a sort of ongoing fund that will enable every project to be financed. We know every year in advance what funds have to be attributed to certain types of projects. I would be appalled to see these types of obligations not fulfilled in the future.

**Senator Grosart:** As a supplementary question, could I ask what the nature of the covenant or agreement will be. Will it be one which is enforceable in law by someone who has entered into one of these agreements in good faith? Will they have a document that they can enforce in law?

**Hon. Mr. Ouellet:** Madam Chairman, the answer is yes. Indeed, they will be true contracts duly executed and signed.

**The Chairman:** Shall clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 1.1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 4 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 5 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6.1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6.2 carry?

**Hon. Senators:** Carried.

**The Chairman** Shall clause 7 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 11 carry?

**Senator Grosart:** Perhaps the minister would explain the purpose and the effect of the change in paragraph (d) from what was contained in section 34.13. The present paragraph (a) reads:

> (a) prescribing the maximum aggregate amount the payment of which may be forgiven in any year by the Corporation under section 34.11—

Whereas in the bill the amendment is:

> (c) prescribing the maximum aggregate amount of contributions that may be made in any year by the Corporation—

Could he just explain why there is a radical difference in the wording there? This is found on page 8.

• (2140)

**Hon. Mr. Ouellet:** Are you referring to clause 11, Senator Grosart?

**Senator Grosart:** I am actually using the bill as introduced on first reading. I think the present version has exactly the same wording, and that it is still clause 11.

**Hon. Mr. Ouellet:** There is a slight problem here because I think the honourable senator is referring to the old version of the bill. Clauses 10, 11 and 12, as they appeared in the old version, have been dropped completely from the new version.

**The Chairman:** Shall clause 11 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 12 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 13 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 14 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title of the bill carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

[*Translation*]

**Senator Langlois:** Madam Chairman, before you leave the Chair and on behalf of my colleagues, I should like to extend our sincere thanks to the minister for coming here tonight and explaining this bill to us. We want him to know that we are proud of him and that we should be very happy to see him again.

[*English*]

**Senator Grosart:** Madam Chairman, may I offer the same congratulations to the minister from the opposition group in English.

**Senator Molgat:** Does the honourable senator extend that to mean for many occasions in the future and for a long time?

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**The Hon. the Speaker** *pro tem:* The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

**Senator Neiman:** Mr. Speaker, the Committee of the Whole, to which was referred Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments, has considered this bill and has the honour to report the same without amendment.

THIRD READING

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

**Senator Molgat:** Honourable senators, with leave, I move third reading now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ADJOURNMENT

**Senator Langlois:** Honourable senators, I move that the Senate do now adjourn.

Before the question is put I would like to inform the honourable senators that arrangements have been made for royal assent to be given this bill which we have just passed at 2.15 tomorrow afternoon.

**Senator Grosart:** Before the question is put, would the Deputy Leader of the Government indicate the effect on our sitting time of the motion he has just made?

**Senator Langlois:** I am sorry, I did not quite understand the question.

**Senator Grosart:** At what time will we sit tomorrow if the motion you have just moved is adopted.

**Senator Langlois:** It all depends on whether we get something else from the other place. I never enjoy trying to be a prophet in respect to the legislative progress in the other place, but there is a possibility that we might be getting some other legislation from them. If that is the case then, after royal assent, we will deal with it.

**Senator Grosart:** The purpose of my question was to ask if automatically under our rules the Senate would sit at 2 o'clock tomorrow afternoon.

**Senator Langlois:** Yes.

**Senator Grosart:** Would the deputy leader care to indicate why he believes it is necessary for us to sit tomorrow? Has he any knowledge or information about a possible impending announcement that might make our presence here tomorrow not merely useful but absolutely necessary?

**Senator Langlois:** I thought I had replied in anticipation to the first part of the question. As to the second part, I would like to tell my honourable friend that I am not privy to the secrets of the gods so I cannot answer it. I still hope that we might have some measures coming to us from the other place, and I hope that that situation will materialize.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See page 774*)

# STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-15

"AN ACT

TO REVISE THE BANK ACT,

TO AMEND THE QUEBEC SAVINGS BANKS ACT
AND THE BANK OF CANADA ACT,

TO ESTABLISH THE CANADIAN PAYMENTS ASSOCIATION

AND TO AMEND OTHER ACTS IN CONSEQUENCE THEREOF"

March 7, 1979

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## SUMMARY

The following is a summary of some of the recommendations reported upon by the Standing Senate Committee on Banking, Trade and Commerce in respect of Bill C-15 "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof", March 1979.

## FOREIGN BANKS

* The Committee approves the concept of admission to full bank status of foreign banks through the incorporation of foreign bank subsidiaries under the control of the Bank Act.

* The Committee approves of the principle of the imposition of some limit upon the growth of individual foreign bank subsidiaries and specifically approves of a limit of 20 times authorized capital. The Committee also approves of the absence from the Bill of any statutory limit on authorized capital.

* The Committee recommends a system of indexing of the asset size to which a foreign bank subsidiary might grow as tied to the rate of growth of Canadian owned chartered banks.

* The Committee recommends the adoption of criteria for growth of the total foreign bank subsidiary presence in Canada as related to a comparison of the size of the total commercial financing of all foreign bank subsidiaries with the total commercial financing of all banks.

* The Committee recommends that the definition of commercial financing for the purposes of determining foreign bank subsidiary market share should include lease financing receivables, loans to and investments in federal, provincial and municipal governments, and loans to investment dealers.

* The Committee recommends that existing direct investments in Canadian corporations held by a foreign bank in Canada be permitted to continue on a grandfathering basis, notwithstanding the incorporation of a foreign bank subsidiary, for a period of up to ten years in the discretion of the Minister.

* The Committee recommends that existing indirect investments in Canadian corporations held by a foreign bank be permitted to continue to be held for a period of up to ten years in the discretion of the Minister at the end of which time the Governor in Council may direct divestiture if the continued maintenance of such investment is not regarded to be in the public interest of Canada.

* The Committee recommends that the number of branches of a foreign bank subsidiary permitted by the legislation be extended to a head office and a branch office in each Province and the Territory with a discretion in the Minister to permit the opening of further branches if the public interest so dictates.

* The Committee recommends that, in respect of existing financial institutions which may become foreign bank subsidiaries under the legislation, the branch network which they presently have in place should be permitted to continue indefinitely, notwithstanding the limit on the number of branches set out in the legislation.

* The Committee recommends that the Minister have a discretion in appropriate circumstances to permit the incorporation of new foreign bank subsidiaries or permit the issuance of supplementary letters patent increasing the authorized capital of existing foreign bank subsidiaries notwithstanding that in so doing there may be a temporary exceeding by foreign bank subsidiaries of their commercial lending limit of 15% of the total commercial lending of all banks.

* The Committee recommends that, in order to ensure that reasonable reciprocity as between Canada and foreign jurisdictions continues to exist after incorporation of a foreign bank subsidiary, a system of licensing be developed which would involve annual renewable licenses for foreign bank subsidiaries, the grant of which would permit such subsidiaries to continue their banking operations in Canada from year to year.

## RESERVES

* The Committee recommends that the period of 4½ years, which Bill C-15 provides for the purpose of effectively reducing the primary cash reserves from 12% of demand deposits to 10% and 4% of notice deposits to 3%, be reduced to a period of 12 months.

* The Committee recommends that the provisions of Bill C-15 which require the payment of reserves for foreign currency deposits used domestically should be deleted. As an alternative the Committee recommends that certain specified types of foreign currency deposits and funds advanced in foreign currency should be exempt from the reserve requirements.

* The Committee recommends that Bill C-15 be amended to require banks to continue to maintain primary reserves on the amount of their deposit liabilities of a term of one year and over which are not encashable which are payable in Canadian currency.

## ENTRY INTO BANKING

* The Committee recommends that the concept of incorporation of banks by Letters Patent be accepted subject to the requirement that there shall be a public hearing associated with applications to incorporate banks in circumstances which would permit interested members of the public to make representations in connection with such applications. The Committee also recommends that applicants be given the alternative, even after refusal of an application for Letters Patent of incorporation, to proceed by Act of Parliament to incorporate a new bank.

* The Committee recommends that provincial governments be prohibited from ownership of bank shares.

* The Committee recommends that the provisions of Bill C-15 which would establish a relationship between otherwise unassociated cooperative corporations be amended to limit such presumption of association. The Committee also recommends that cooperative corporations be permitted to own shares in the capital stock of a bank to a limit of 25% for a period of up to ten years, the same to be reduced to 10% within that time frame.

## BUSINESS POWERS—LEASING

* The Committee recommends that banks be permitted to engage in financial leasing of equipment with the proviso that they be prohibited from entering into the business of leasing passenger automobiles and on-road truck vehicles except for fleet leasing where the value of the lease is at least $100,000.

* The Committee recommends that Bill C-15 be amended to permit a bank to conduct its financial leasing operations through a wholly owned subsidiary.

* The Committee recommends that, with respect to the residual value of leased equipment, there shall be a requirement of an unconditional guarantee from a third party for purchase of the leased equipment at the end of the term in order to recapture residual value.

* The Committee recommends that banks be permitted to lease equipment which they have seized through default in a loan transaction; or equipment which they purchased for their own use and which subsequently became surplus; and that banks should be permitted to re-lease property covered by an expired equipment lease.

## BUSINESS POWERS—FACTORING

* The Committee recommends the approval of the provisions of Bill C-15 which would empower a bank to engage in the business of factoring subject to the proviso, as in the case of leasing, that the bank should be permitted to conduct its factoring operations through a wholly owned subsidiary.

## BUSINESS POWERS—DATA PROCESSING

* The Committee recommends that the provisions of Bill C-15 which would permit a bank to offer data processing services of a limited variety be approved. The Committee recommends, in passing, that a statutory system of parliamentary review of proposed regulations to alter or amend the powers of the banks to engage in data processing be developed and implemented.

* The Committee recommends that the Data Processing Regulations should be amended to limit those types of institutions to whom banks could provide data processing services of a broad kind, being services developed in-house at the bank for the bank's own use and which are an integral part of the banking operations, to institutions which accept deposits transferable by order; and further that the categories of such services listed in the Regulations be amended to deny to the banks, in this context, the right to provide general ledger accounting services.

## LOANS AND SECURITY—RESIDENTIAL MORTGAGE LENDING

* The Committee recommends against the unqualified lifting of the ceiling on residential mortgage lending by banks and specifically recommends that the ceiling be modified to increase it from 10% to 15% of the bank's deposit liabilities and debentures.

* The Committee recommends that if its recommendation to the effect that the reserve on term deposits one year and over which are not encashable be maintained is not accepted, then the Liquidity and Adequacy of Capital Regulations ought to provide for matching the flow of term deposit money into the banks mortgage portfolio.

## BANK DIRECTORS

* The Committee recommends against the provisions of Bill C-15 which would disqualify persons associated with cooperative credit societies (except in certain circumstances), members of the Investment Dealers Association and Canadian stock exchanges, and directors or officers of Crown Corporations from being elected or appointed as directors of banks.

* The Committee recommends that the provisions of the Bill which would prohibit a requirement for qualifying shares as a condition precedent to election or appointment as a bank director be deleted.

* The Committee recommends that officers, directors and employees of banks continue to be free to act as directors of other corporations.

## INVESTMENTS—VENTURE CAPITAL CORPORATIONS

* The Committee recommends that the provisions of the regulations which would permit a bank to own more than one venture capital corporation not be approved subject to the proviso that, provided each is a wholly owned subsidiary of the bank's single venture capital corporation, a bank ought to be permitted to incorporate a wholly owned subsidiary venture capital corporation in each province.

* The Committee recommends that while venture capital corporations should be wholly owned by the bank in each case, the legislation should not prohibit the bank's wholly owned venture capital corporation from holding less than 100 per cent equity and voting shares in Canadian corporations and limited partnerships acquired through the provisions of financing and loans to Canadian corporations within the framework of the venture capital provisions of Bill C-15.

## FOREIGN STORAGE OF BANK RECORDS

* The Committee recommends that the prohibition against storage and processing of bank records abroad be deleted, subject to the proviso that, if this provision of the Bill is to remain, banks ought to be permitted to store and process data in computer banks abroad provided those persons or institutions can retrieve it from a location in Canada and with information and facilities available in Canada and further provided that a detailed record of the same information is stored and similarly available in Canada.

## FINANCIAL DISCLOSURE—ACCUMULATED APPROPRIATIONS FOR LOSSES

* The Committee recommends that Bill C-15 be amended to provide that the tax paid portion of accumulated appropriations for losses be included as part of shareholders' equity on the balance sheet of banks.

## FINANCIAL DISCLOSURE—FILING OF FINANCIAL STATEMENTS AND RETURNS

* The Committee recommends that the Bill be amended to extend the statutory time limits within which financial statements must be prepared, submitted and published.

## FINANCIAL DISCLOSURE—REGULATIONS OF COST OF BORROWING

* The Committee recommends that the definition of cost of borrowing should be incorporated in the legislation and payments to third parties unrelated to the bank and not a nominee of the bank, and necessary to the completion of a loan or advance, should be excluded from the cost of borrowing.

* The Committee recommends that where the terms of the loans are such that there is a difference between the "nominal annual percentage rate" and the "effective annual rate", the effective annual rate should be disclosed.

* The Committee recommends that the statement of disclosure of information under subsection 198(4) of Bill C-15 should include the effective dates of the loans and the terminal balance on the amount of payment required on termination.

* The Committee recommends that the disclosure requirement for loans secured by real property should include the cost of borrowing if such amount must be determined to obtain the nominal annual percentage rate.

* The Committee recommends that the disclosure requirements for variable credit should include a statement of the cardholder's maximum liability for unauthorized credit use.

## QUEBEC SAVINGS BANKS ACT

* The Committee recommends that Bill C-15 be amended so as to disqualify from directorship of a Quebec Savings Bank a person who is a director or officer of a bank or of a cooperative corporation or of a corporation controlled by a bank or a cooperative corporation.

* The Committee recommends that the total number of shares held together by all cooperative associations in a Quebec Savings Bank be limited to 25%; further that the total number of shares held by cooperative corporations which are deemed to be associated be limited to 10% and further that for a temporary initial period during the incorporation phase of a new Quebec Savings Bank, such shareholdings be permitted to reach a limit of 25%.

* The Committee recommends that the authorized capital of the Montreal City and District Savings Bank be increased to $5 million.

* The Committee recommends the suspension of pre-emptive rights in the case of new issues of treasury shares upon a special resolution of the directors of a Quebec Savings Bank ratified by at least two-thirds of the votes cast in favour at a meeting of the shareholders.

* The Committee recommends that the Bill be amended to permit the issuance of debentures by a Quebec Savings Bank subject to a limit in amount not exceeding the bank's shareholders' equity.

* The Committee recommends that the powers of a bank incorporated under the Quebec Savings Banks Act be extended to include a power to borrow money generally; to issue credit cards; to provide banking related data processing services; to sell RRSPs and RHOSPs; to hypothecate the assets of the bank as security for moneys borrowed by it; and to lend money on the security of shares of the bank or of a chartered bank or on debentures of the bank where the loan is $50,000 or less.

* The Committee recommends that the lending powers of a bank incorporated under the Quebec Savings Banks Act be increased from $10,000 to $20,000 in the case of an unsecured loan to an individual; from $50,000 to $100,000 in the case of a secured loan to an individual or a corporation, and from $100,000 to $300,000, the amount of a mortgage loan in excess of which the approval of the Directors is required.

## CANADIAN PAYMENTS ASSOCIATION ACT

* The Committee recommends that in addition to those minimal requirements for membership in the Canadian Payments Association which are set out in Bill C-15, there should be a requirement that applicants for membership meet minimum standards of liquidity and financial soundness; such standards are to be set initially by those institutions which by statute are required to be members of the CPA and thereafter to be incorporated in the by-laws of the Canadian Payments Association.

* The Committee recommends that all members of the Canadian Payments Association be required to maintain an account with the Bank of Canada for clearing settlement purposes; that those institutions which by statute are required to be members of the Canadian Payments Association develop



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an initial formula for fixing such clearing settlement cash reserves, the same thereafter to be incorporated in by-laws of the Association and that institutions which are required by the terms of the Bank Act to deposit cash reserves with the Bank of Canada may utilize such reserves for settlement purposes.

* The Committee recommends the adoption of a variety of provisions to ensure that information as to the financial integrity, from time to time, of members of the CPA is brought to the attention of the directors of the Association.

* The Committee recommends that the Board of Directors of the Canadian Payments Association be empowered to suspend or expel members of the Association who fail to meet the requirements of the statute, the regulations or the by-laws, subject to an appropriate right of appeal.

* The Committee recommends that provisions be incorporated in the legislation or the regulations governing the Canadian Payments Associations to ensure adequate backing by clearing agents for items drawn on their client institutions and by centrals for items drawn on their member credit unions.

* The Committee recommends the approval of the representation of the various institutions on the board of directors of the Canadian Payments Association and further recommends that there be an appropriate provision for a quorum of directors at a meeting of the board of directors having regard to the various interest groups represented on the board.

* The Committee recommends that for a two-year transitional period after the commencement of operations of the Canadian Payments Association the current administrative control policies and procedures utilized for the clearing and settlement system by the Canadian Bankers' Association remain in place subject to alteration thereof by regulation.

## REPORT OF THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

Relating to the Subject Matter of Bill C-15 of the Fourth Session Thirtieth Parliament (and also the predecessor Bill C-57 of the Third Session) An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act and to amend other Acts in consequence thereof.

Wednesday, March 7, 1979

### I. GENERAL INTRODUCTION

On May 18, 1978 the Minister of Finance presented to the House of Commons for first reading Bill C-57, "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof." This Act is cited as the "Banks and Banking Law Revision Act, 1978". The Standing Senate Committee on Banking, Trade and Commerce was authorized by the Senate to examine and report on this document and the subject matter of any bill arising therefrom, in advance of such bill coming before the Senate or any other matter relating thereto.

In accordance with the Order of Reference, your Committee gave careful consideration to Bill C-57 and in connection therewith had the benefit of the services and expert assistance to Mr. John F. Lewis, C. A., retired partner of and consultant to Thorne Riddell & Co., Chartered Accountants as advisor to the Committee and retained its legal Counsel, Mr. David W. Scott, Q.C., of Scott & Aylen.

After the summer recess of Parliament, the Honourable Jean Chrétien, Minister of Finance on November 2, 1978 re-introduced this banking legislation as Bill C-15 of the Fourth Session of Parliament. The Standing Senate Committee on Banking, Trade and Commerce was again authorized on November 7, 1978 to examine and report on the new legislation, and re-appointed the same advisors.

Your Committee has carefully studied the contents of Bill C-15 and has in the course of such studies received representations from various organizations and other interested parties. In addition to the representations and submissions made during the hearings, your Committee received a considerable number of letters and other communications from companies and associations which did not appear before it. Copies of many submissions (pertinent to the Bill), made to the Minister of Finance were also made available to and were studied by your Committee.

The Inspector General of Banks, Mr. W. A. Kennett, in his appearance as a witness before your Committee, stated that the new Bill C-15 corresponds section for section, word for word with the earlier Bill C-57. Accordingly, your Committee carried forward into its record and its discussions all the evidence which had been gathered in relation to the earlier Bill C-57.

The Canadian Bankers' Association made submissions to your Committee on a number of suggested changes to Bill C-15 some of which were substantive in nature which would involve policy decisions by the Minister. Your advisors met with representatives of the Inspector General of Banks and the Canadian Bankers' Association, on more than one occasion, at which time various proposed amendments were discussed. Your Committee is of the opinion that those proposed amendments which are of a technical nature are appropriate, and the Minister is bringing forward concurrently a number of draft proposed amendments to Bill C-15 concerning the Bank Act which are said to fall into this category.

Your Committee devoted several meetings to a study of the subject matter and held other meetings at which witnesses appeared before your Committee as follows:

| | |
|---|---|
| June 28, 1978: | Montreal City & District Savings Bank (La Banque d'Épargne de la Cité du District de Montréal) |
| November 1, 1978: | Canadian Bankers' Association |
| November 2, 1978: | Canadian Institute of Chartered Accountants |
| November 8, 1978: | The Office of the Inspector General of Banks |
| November 9, 1978: | The Canadian Federation of Agriculture, Citicorp Canada Limited—Association of Canadian Financial Corporations |
| November 14, 1978: | Montreal Trust Company, Royal Trust Company and Victoria & Grey Trust Company |
| | Northland Bank |
| | Office of the Inspector General of Banks |
| November 16, 1978: | BankAmerica Corporation |
| November 22, 1978: | Barclays Canada Limited |
| | Association of Canadian Financial Corporations |
| | The Banking Federation of the European Economic Community |
| November 23, 1978: | Hong Kong Bank Group |
| November 29, 1978: | Royal Bank of Canada |
| | J. P. Morgan of Canada Limited |
| | Federation of Automobile Dealer Associations of Canada |
| November 30, 1978: | Canadian Bankers' Association |
| December 6, 1978: | The Canadian Co-Operative Credit Society Limited |
| | Fédération de Québec des Caisses Populaires Desjardins |
| December 6, 1978: | Canadian Association of Data Processing Service Organizations |
| December 7, 1978: | Investment Dealers Association and the Stock Exchanges of Montreal, Toronto, Alberta and Vancouver |
| December 12, 1978: | Office of the Inspector General of Banks |

| | |
|---|---|
| January 24, 1979: | Mr. Gerald K. Bouey, Governor of the Bank of Canada |
| January 31, 1979: | Canadian Cattlemen's Association |
| | Canadian General Electric Company Limited |
| | The Hamilton Group Limited |
| | Office of the Inspector General of Banks |
| February 7, 1979: | Consumers' Association of Canada |

In addition briefs were received from the following organizations which did not appear:

Chase Manhattan Canada
Midland Financial Services
SB Capital Corporation
O'Grady, Fraser and Beatty
Canadian Imperial Bank of Commerce
Norcen Energy Resources Ltd.
Dai-Ichi Kangyo Bank, Ltd.
Bank of Nova Scotia
Swiss Bankers Association
State of New York, Banking Department

It will be remembered that previous to the tabling of Bills C-57 and C-15 the Minister of Finance in August 1976 issued a White Paper on the Revision of Canadian Banking Legislation. Your Committee examined that document, heard witnesses and submitted its report to the Senate in June, 1977. Many of the recommendations of your Committee have been implemented in the proposed legislation and the extent to which your Committee's recommendations have been given effect to either fully, in part, or not at all, have been studied and noted.

Bill C-15 contains not only an amended Bank Act and the new Canadian Payments Association Act, but also important amendments to other related acts, as follows:

| | |
|---|---|
| PART I | The Bank Act, (pages 1 to 304 of Bill C-15) |
| PART II | Amendments to the Quebec Savings Banks Act (pages 305-354 of Bill C-15) |
| PART III | Amendments to the Bank of Canada Act (pages 355-360 of Bill C-15) |
| PART IV | An Act to establish the Canadian Payments Association (pages 361-377 of Bill C-15) |
| PART V | Related and Consequential Amendments to other legislation (pages 377-392 of Bill C-15) |

It should also be noted that Part I of Bill C-15, being the new Bank Act contains approximately four hundred provisions which are based on equivalent provisions of the Canadian Business Corporations Act.

In addition, a number of draft proposed regulations have been issued which are provided for in various sections of Bill C-15, constituting the new Bank Act, as follows:

Financial Leasing Regulations (S. 172(1)(*i*))
Data Processing Regulations (S. 172(1)(*k*))
Options Regulations (S. 123(3))
Proxy Regulations (S. 161(1) and 162(1))
Insider Reports Regulations (S. 168)
Registration of Security Fees Regulations (S. 177(*f*) (*g*))
Venture Capital Corporation Regulations (S. 192(6))
Real Estate Investment Trust and Mortgage Investment Company Regulations (S. 192(6)(*b*))
Financial Corporations Regulations (S.193(1))
Form of Notes to Annual Statement Regulations (S. 214(1) of Part I and S. 53(4) of Part II)
Foreign Bank Representative Offices Regulations (S. 294(2)(a))
Circulation and Disclosure of Cost of Borrowing Regulations (S. 198(4) of Part I and S. 80 of Part II)
Preliminary Prospectus and Prospectus Regulations (Sec. 307)

The changes in existing legislation proposed in Part I of Bill C-15, being the new Bank Act, are generally consistent with the thrust of the proposals in the 1976 White Paper. While important deviations in Part I of Bill C-15 from the stated intentions of the White Paper are few in number, most of such changes are in line with the recommendations of your Committee in its report on the White Paper. These deviations from the White Paper proposals will be dealt with later in this report.

The main changes contemplated in this decennial review of the banking system might be summarized as follows:

(1) changes in primary cash reserves required to be provided by Canadian banks;

(2) entry by new banks into the banking system in Canada either by Special Act of Parliament or Letters Patent;

(3) entry and control of and conditions for the operation in Canada of foreign bank subsidiaries incorporated under the new Bank Act;

(4) further delineation of specific business powers of banks;

(5) changes in the corporate structure of banks;

(6) establishment by a Special Act of Parliament of the Canadian Payments Association which would include banks and near-banks in the evolving national electronic payments system for clearing and settlement purposes;

(7) amendments to the Quebec Savings Banks Act, the Bank of Canada Act and other related legislation.

## 2. COMMITTEE'S RECOMMENDATIONS CONCERNING THE WHITE PAPER PROPOSALS ON THE CANADIAN BANKING LEGISLATION

### (i) *Bank Act*

In connection with the Bank Act your Committee made approximately forty-five recommendations in its report on the

White Paper. Of these recommendations twenty-four were given effect to in Bill C-15, of which five represent instances where your Committee's opinion did not agree with the White Paper proposals. In five additional instances your Committee's recommendations on the White Paper proposals have been partly implemented. Approximately fifteen of your Committee's recommendations made in its report on the White Paper have not been incorporated in Bill C-15.

(ii) *Canadian Payments Association*

Your Committee made a number of recommendations in connection with the White Paper proposals for a Canadian Payments Association Act. All of the substantive recommendations appear to have been either given effect to in Bill C-15 and the Regulations, or are intended to be provided for in By-laws to be adopted by the Association's Board of Directors.

(iii) *Quebec Savings Banks Act*

In its report on the White Paper your Committee made recommendations that the reserve requirements of banks governed by the Quebec Savings Banks Act remain unchanged. While a number of amendments are made to this Act in Bill C-15, no changes have been made in the reserve requirements as recommended by your Committee.

## 3. COMPARISON OF BILL C-15 WITH THE WHITE PAPER AND THE SENATE COMMITTEE PROPOSALS THEREUPON

(i) *Reserves for Chartered Banks*

The White Paper proposed that all members of the Canadian Payments Association including banks and near-banks, be required to maintain cash reserves as follows:

(*a*) 12% of Canadian dollar demand deposits;

(*b*) 2% on first $500 million and 4% on remainder of Canadian dollar notice deposits and term deposits with a term of one year or less (or longer if encashable);

(*c*) 4% of foreign currency deposits used domestically.

Your Committee recommended that mandatory primary cash reserves required of chartered banks under the new Bank Act be reduced from the present 12% of demand deposits and 4% of notice deposits payable in Canadian currency to 10% and 3% respectively; that the secondary reserve rate be maintained unchanged within a range of 0% to 12% of Canadian dollar deposit liabilities as at present.

It is pleasing to your Committee to see that the important thrust of its recommendations have been accepted and are incorporated in Bill C-15, in that the primary reserve requirement has been reduced from 12% to 10% of Canadian dollar demand deposits and from 4% to 3% of notice deposits. This would result in a substantial reduction in the amount of non-interest bearing cash reserves required of banks which decision appears to be based on the conclusion that they are not required for monetary control purposes. However, the phasing-in of such reductions over a period of 4½ years is objectionable and such objections and recommendations are developed later in this Report.

The White Paper proposed that reserve requirements with respect to foreign currency deposits used in Canada be at the 4 per cent rate. The Committee was of the opinion that this would put Canadian chartered banks at a rate disadvantage in competing with foreign bank controlled financial institutions and near-bank affiliates of foreign banks operating in Canada which are not subject to reserve requirements under the Bank Act. The Committee recommended that this proposal not be implemented unless the Bank of Canada pays interest to the banks on such reserves.

This recommendation of your Committee was not given effect to in Bill C-15, which would require banks to maintain non-interest cash reserves of 3% of foreign currency deposits used domestically. Indeed, while not proposed in the White Paper, Bill C-15 even goes farther and, as presently drafted, would also require secondary reserves on such foreign currency deposits.

Your Committee recommended that the Bank of Canada pay interest to the chartered banks on the primary cash reserve required by the Bank Act (exclusive of the amount of cash required for clearing settlement purposes and subject to a deduction for expenses in connection with the handling of such reserve and the investment thereof).

However this recommendation to pay interest on net cash reserves has not been given effect to in Bill C-15.

The White Paper proposed to relieve banks of the requirement to maintain primary cash reserves against notice deposits of a term in excess of one year which are encashable. In its report on the White Paper your Committee recommended that banks not be relieved of such reserve requirement unless there are provisions requiring banks to match the maturity of the increased amount of term deposits with investments in residential mortgage loans in order to maintain an adequate cash flow of funds into residential mortgages.

Bill C-15 follows the White Paper proposals and exempts such term deposits from primary cash reserve requirements.

The White Paper proposed that the legislative requirement for the equivalent of the present primary reserves required by chartered banks under the Bank Act be transferred to the Canadian Payments Association Act. The Committee, however, recommended that the statutory requirements for the primary and secondary reserves required from chartered banks remain in their present general form under the Bank Act and the Bank of Canada Act.

This recommendation of your Committee has been included in Bill C-15 in the treatment of primary and secondary reserves required by chartered banks.

Your Committee recommends that near-banks not be required to provide primary cash and secondary reserves as outlined in the White Paper but that near-banks becoming members of the Canadian Payments Association be required to provide settlement reserves as more particularly outlined in its Report.

(ii) *Entry into Banking*

Your Committee agreed with the White Paper proposals to permit incorporation of new banks by Letters Patent with some qualifications where incorporation by Letters Patent is sought. However, the new legislation does not provide for a review of applications by way of Letters Patent by an appropriate body which would make recommendations to the Minister whether or not incorporation by way of Letters Patent should be granted. Your Committee recommended that the new legislation provide for a review by an appropriate body of applications for incorporation by Letters Patent and an opportunity for interested parties to appear. This was not provided for in the legislation and the position of your Committee on this point will be discussed later within the Report.

(iii) *Foreign Banks*

The proposed legislation follows very closely upon your Committee's recommendation and the White Paper proposals to permit competition from foreign banks, subject to certain limitations and conditions from foreign banks, subject to certain limitations and conditions under which they may formally and legally enter the Canadian banking system by incorporating "foreign bank subsidiaries" under the new Bank Act.

(iv) *Specific Business Powers of Banks*

Part I of Bill C-15 outlines the parameters of certain specific business operations which banks may engage in, which under the present Bank Act are covered by the general powers of a bank.

These operations relate to:

Financial Leasing
Factoring
Residential Mortgage Lending
Data Processing
Dealing in Securities

The legislation, in the above areas, is generally in line with the White Paper proposals and with your Committee's recommendations thereon. However, some important recommendations of your Committee have not been adopted to the legislation and will be dealt with in detail later in this report. They include:

a) Financial Leasing

The Committee recommended the approval of the White Paper proposal to permit banks specifically to engage in financial leasing of equipment on a non-operating full pay-out basis, but recommended that dependence on a residual value of the equipment should be limited to 10% of the acquisition cost and not 20% as proposed in the White Paper, and further that banks be permitted to engage in financial leasing operations through separate wholly-owned subsidiary companies. This qualification was not accepted.

b) Factoring

Your Committee recommended that banks be permitted to conduct factoring through separate wholly-owned subsidiaries. Part I of Bill C-15, requires such operations to be carried on directly by a bank. See the recommendation of your Committee on this subject.

c) Residential Mortgages

The Committee recommended that the present limit on a bank's mortgage portfolio be raised from 10% of its Canadian dollar liabilities and debentures to 15%, instead of the limit being removed altogether as proposed in the White Paper.

Your Committee also stated in its report on the White Paper that it was not in favour of the proposal to relieve banks of the requirement to maintain primary cash reserves against notice deposits of a term in excess of one year which are not encashable, unless there is some requirement for banks to match maturity of term deposits with mortgage loans up to a proposed ceiling for mortgage loans of 15% of deposits and debentures.

Bill C-15 does not accept these recommendations but imposes no percentage limitation on the amount of money invested by a bank in conventional residential mortgages.

d) Changes in Organization Structure and Corporate Powers

The changes contemplated in Part I of Bill C-15 are generally along the lines as proposed in the White Paper and met with approval in principle by your Committee in its report on the White Paper.

The changes to the Bank Act set out in Part I of Bill C-15 arising out of the decision to incorporate in the Act the intent of the pertinent provisions of the Canadian Business Corporations Act have, of course, resulted in a separate study by your Committee and its advisors of this aspect of the Bill. Because of the specific position of banks in the Canadian business community and the special responsibility to depositors, many of the amendments included in Bill C-15 result in a number of the legal requirements of banks being made more restrictive than the legal requirements imposed on other business corporations by the Canada Business Corporations Act. This report deals with some of the more important instances of this problem.

e) Canadian Payments Association

One of the most important proposals of the White Paper was the establishment of the Canadian Payments Association which was to act as the clearing and settlement system for all banks and for all near-banks which accept "chequable deposits". This requirement that near-banks accepting transferrable deposits must join the new Canadian Payments Association and be required to be subjected to federal control and maintain cash reserves at the Bank of Canada generally of the same order as chartered banks met with considerable opposition both from the near-banks and trust companies, loan and mortgage companies, caisses populaires and credit unions, as well as the provincial authorities.

While in favour of the general principle of forming a Canadian Payments Association in order to give near-banks direct access to the national clearing system, your Committee

was not in agreement that such institutions be required to provide cash reserves, as banks are required under existing law in order that monetary control may be effectively exercised, and recommended that clearing members be required to maintain cash reserves based on chequable deposits only (deposits transferrable by order) by way of settlement balances in an amount reasonably necessary for clearing settlement purposes. The cash and investments for the above recommended reserves would be deposited by clearing members with the proposed Canadian Payments Association and directed by it to be paid to the Bank of Canada. The Bank of Canada would act as the depository for the said cash and investments held as reserves of members of the proposed Association.

Your Committee welcomes the acceptance of this recommendation in the proposed draft legislation (Bill C-15).

This report will deal with the various Parts of Bill C-15 including the Bank Act and other pertinent legislation.

Perhaps an introduction to Bill C-15, can be summarized best by quoting from a statement made by Mr. Gerald K. Bouey, Governor of the Bank of Canada, when he appeared before your Committee on January 24, 1979. (Committee Proceedings 18:5)

> "The first and most important point to make is that the proposals in Bill C-15 would not impair in any way the Bank of Canada's ability to discharge its responsibilities in the field of monetary policy through the exercise of its existing powers; the essential nature of its operations would remain substantially unchanged.
>
> "The main way in which the operations of the Bank of Canada have an impact on economic behaviour in this country is through their influence on the level of interest rates. And the main way in which the operations of the Bank of Canada exert their influence on interest rate levels is by affecting the behaviour of the chartered banking system in such a way as to speed up or slow down the process of monetary expansion. These operations alter the marginal amount by which the cash reserves available to the banks as a group exceed their minimum statutory requirements. The response of the chartered banks to the resulting changes in their reserve position causes changes in interest rates which spread through financial markets in response to competitive forces. (The Bank of Canada also uses bank rate changes from time to time to help speed up the interest rate responses that it is seeking.) The proposed reduction in the required level of these minimum cash reserves does not have significant implications for monetary management since the Bank of Canada will still be able to determine the size of the cash reserve margin available to the banking system in excess of the new minimum required levels.
>
> "A second important point to note is that the so-called near-banks—trust and mortgage loan companies, credit unions and caisses populaires—are affected by monetary policy even though they are not required to hold cash reserves at the Bank of Canada. They respond to central bank actions because they must keep the interest rates which they charge and pay in line with those which prevail throughout Canadian financial market generally.
>
> "Although in present circumstances reserve requirements on near-banks are not required for monetary policy purposes, such requirements represent a cost which applies to the banks, but not to other deposit-taking institutions. Thus issues of equity and efficiency would seem to be involved. But cash reserve requirements are not the only difference of this kind. Many of the provisions in the complex framework of federal and provincial laws governing deposit-taking institutions—including capital requirements, liquidity reserves, powers regarding loans and investments, and tax treatment—raise similar issues. Thus it is difficult to look at differences in cash reserve requirements in isolation.
>
> "I turn now for a moment to the proposals with respect to the operation of foreign banks in Canada. Foreign banks already have a significant presence in Canada, albeit on a basis that is outside existing banking legislation. The thrust of the proposals is to regularize this situation and to regulate its future evolution. I believe that foreign banks do have a useful role to play in Canada and I regard it as desirable that all banks operating here should be part of the same system operating under the same basic rules and regulations. At the same time I feel that the principle of applying some limits to the growth of foreign banks in Canada is not unreasonable, and is indeed desirable in view of the risks and uncertainties we would invite by opening the door too widely. The proposals with respect to foreign banks do not in my view have significant implications for the implementation of monetary policy."

## 4. OUTLINE OF THE CONTENTS OF THIS REPORT

In this report your Committee deals with the provisions of Bill C-15 in a broad treatment which divides the subject matter into five general categories.

DIVISION I

Those provisions of the Bill which involve major and substantive changes from the present Bank Act. (Part I, Bill C-15)

DIVISION II

Review of the proposed amendments to the Quebec Savings Banks Act (Part II, Bill C-15)

DIVISION III

Review of the proposed amendments to the Bank of Canada Act (Part III, Bill C-15)

DIVISION IV

Review of the proposed new Canadian Payments Association Act (Part IV, Bill C-15)

## DIVISION V

### Review of consequential proposed amendments to other legislation (Part V, Bill C-15)

In dealing with the various divisions referred to in this report, your Committee makes references to Section and Subsection numbers as they appear in each Part of the Bill without specifying any repeating on each occasion the particular Part of the Bill under consideration.

THE BANK ACT
(Part I of Bill C-15)

DIVISION I

## I. FOREIGN BANKS

*General*

The objective of opening up the Canadian banking field to foreign competition was explained in the White Paper as follows:

> "to provide for more equitable and effective competition between Canadian and foreign-owned institutions, to provide opportunity for Canadian affiliates of foreign banks to operate under Canadian banking legislation, to provide economic and financial surveillance by Canadian authorities and to provide a basis for reciprocal treatment for Canadian financial institutions abroad, while ensuring that Canada's banking system remain predominately in Canadian hands."*

The new banking legislation provides for the first time for foreign banks to participate formally and legally in the Canadian banking system by permitting them to form "foreign bank subsidiaries" to be incorporated under the Bank Act.

There would appear to be a reasonably general consensus that it is in the public interest to permit entry to foreign bank subsidiaries as full scale banks subject to the provisions of the Bank Act. Your Committee's report on the White Paper dealt at some length with this philosophical question. From the standpoint of the Canadian public there also appears to be a consensus that the legislation should include some reasonable restrictions on the size and extent of growth of these foreign-owned banks. To meet this consensus the legislation contemplates that there should be a limit on an individual bank's total assets expressed as being twenty times its authorized capital (Subs. 173(2)(*e*)). Further the Bill contemplates that there shall be a limit on the aggregate size of the total assets of all foreign bank subsidiaries expressed as 15% of total bank commercial financing in Canada (Subs. 294 (5)). An ancillary restriction which is also to be found in the Bill, is a limit on the number of branches specifically four branches apart from the main office of each foreign bank subsidiary (Subs. 172(2)). The $500 million limit on assets is not specifically mentioned in the Bill, and further the Bill contemplates the controlling of the growth of foreign bank subsidiaries through the Governor in Council's approval of successive increases in authorized capital for each bank.

The focus of public interest on the subject of the entry of foreign banks into the Canadian banking system has been on the question of limitations in size and growth as above described. Your Committee's study of the Bill has dealt in detail with these areas as well as a number of unrelated areas. Your Committee proposes to make recommendations under the following heads:

(i) Limit on Growth in Size, Market Share and Indexing;

(ii) Limiting the Total Commercial Financing of all Foreign Bank Subsidiaries instead of Limiting Assets of all Foreign Bank Subsidiaries to 15% of Total Commercial Financing in Canada;

(iii) Grandfathering and Transitional Provisions Relating to Assets and Investments;

(iv) Limit on Number of Branches and Grandfathering of such Limitation;

(v) Ministerial Discretion to Permit the Establishment of New Foreign Bank Subsidiaries Notwithstanding a Resulting Temporary Exceeding of the 15% Limit set out in Subs. 294(5)

Your Committee also noted the following provisions in Part I of the Bill affecting foreign banks which have been studied and generally meet with your Committee's approval:

(vi) Prohibition Against Borrowing by a Non-Banking Affiliate on the Guarantee of its Foreign Parent;

(vii) Competitiveness and Reciprocity;

(viii) Licensing

(ix) Application of FIRA

The "Summary of Banking Legislation 1978" issued by the Department of Finance Canada commented on the legislation as follows:

> "The White Paper proposed specific provisions to bring foreign bank operations in Canada within domestic banking legislation. They would be permitted to operate as banks, but only in the form of Canadian bank subsidiaries. To strike a balance between the additional competition this would provide within the banking industry and the maintenance of a banking system primarily controlled by Canadians, it was proposed to limit the size and growth of foreign bank subsidiaries individually and as a group. The proposals are generally welcomed by foreign banks, their criticisms focusing primarily on the size and growth restrictions. It is proposed to implement the White Paper proposals in the following manner:
>
> a) Size Limitation
>
> The White Paper proposed to limit total assets of foreign bank subsidiaries to 15% of total commercial lending in Canada. In addition, the White Paper proposed to limit the size of a foreign bank subsidiary to $500 million by:
>
> —limiting its total assets to 20 times authorized capital,
>
> —limiting its maximum authorized capital to $25 million.
>
> The White Paper also proposed that the Governor in Council be empowered to increase the $25 million limit for authorized capital by regulation.
>
> The provision of statutory size limitations for total assets as well as for assets of individual bank subsidiaries, even if they are subject to adjustment by regulation, has been criticized by some foreign banks as discriminatory.
>
> Notwithstanding some views to the contrary, the government continues to regard the principle of total as well as individual size restrictions for foreign bank subsidiaries as

*White Paper, page 26



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sound. The new legislation limits the size of total assets of foreign bank subsidiaries to 15% of total bank commercial financing as determined by Schedule Q of the Act. Commercial financing as set out in that schedule will be the aggregate of: agricultural, industrial and commercial loans in Canadian currency; foreign currency loans to Canadian residents; residential mortgages on multiple dwelling structures; floating rate income debenture bonds; and floating rate term preferred shares issued. Based on year-end 1977 figures, it is estimated that the maximum permitted size for all foreign bank subsidiaries would be about $7 billion."

"This limit would grow in conjunction with the growth in the banking system. The $500 million limitation for individual foreign bank subsidiaries is not unreasonable. The new legislation contains no specific limit on the authorized capital of an individual institution. Like the present Act, it requires that the Governor in Council approve the initial authorized capital of a bank, including a foreign bank subsidiary, and any subsequent increase to such authorized capital.

b) Branch limitation

The White Paper proposed that foreign bank subsidiaries be limited to five branches. These proposals have been adopted in the new legislation with the added provision that none of the five branches may be located outside Canada."

(i) *Limit on Growth in Size, Market Share and Indexing*

Representations have been made to your Committee that the limit in size expressed as 20 times authorized capital and the limit in market share expressed as 15% of total commercial financing are much too restrictive to permit foreign bank subsidiaries to provide the kind of competition which the legislation is intended to attract and that they would not permit a foreign bank to attract and retain the high calibre of staff required for successful banking.

These reactions were expressed in many briefs and in the testimony of witnesses largely, although not exclusively, from the foreign banking community. Notwithstanding these submissions your Committee has concluded, as it did during its study of the White Paper, that the basic restrictions on size and market share are both sound and fair.

Your Committee does feel, again as it did at the time of the White Paper, that there should be a provision for the indexing of the limit of growth of the assets of a foreign bank subsidiary tied to the rate of growth of total aggregate assets of all Canadian chartered banks, the adjustment to be effected annually based on the previous fiscal period.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THE APPROVAL OF THE LIMIT OF GROWTH OF INDIVIDUAL FOREIGN BANK SUBSIDIARIES TO 20 TIMES AUTHORIZED CAPITAL BASED ON APPROVED INCREASES IN AUTHORIZED CAPITAL.

2. YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED TO PROVIDE FOR INDEXING SO THAT ANY LIMIT IN AMOUNT OF ASSETS TO WHICH A FOREIGN BANK SUBSIDIARY MIGHT GROW WILL BE INDEXED TO PERMIT IT TO GROW AT A RATE GOVERNED BY THE RATE OF GROWTH OF COMBINED ASSETS IN CANADA OF ALL CANADIAN OWNED CHARTERED BANKS.

(ii) *Limiting the Total Commercial Financing of All Foreign Bank Subsidiaries instead of Limiting Assets of all Foreign Bank Subsidiaries to 15% of Total Commercial Financing in Canada*

As mentioned earlier in this report, the total share of the Canadian market to be allocated to foreign bank subsidiaries is 15% of total commercial financing in Canada by all banks. Control of this share is to be exercised by not approving the issue of letters patent for any additional new foreign bank subsidiaries, or supplementary letters patent increasing the authorized capital of a foreign bank subsidiary:

> "where the effect thereof would be to increase the average outstanding *total assets* authorized under paragraph 173(2)(*e*) for all foreign bank subsidiaries to an amount that exceeds *fifteen per cent of the total commercial financing* in Canada by all banks as shown in the computation of Schedule Q most recently published pursuant to paragraph 229(b)". (Subs. 294(5))

A cursory study of the relation of fifteen per cent of total commercial financing in Canada with total assets of all foreign bank subsidiaries indicates that there is a perhaps unwitting comparison of "apples and oranges". This contradiction merits careful study.

When representatives of the Banking Federation of the European Economic Community appeared before your Committee on November 22, 1978, this anomaly was referred to by M. Paul Fabre, Deputy Managing Director, French Bankers Association, in the following manner: (Committee Proceedings 5:50)

> "Indeed, this Bill considers granting foreign banks a ratio, that is 15% of the market. The Bill explains the method which will be used to calculate that percentage. However, we also noticed—at least, I don't think it was denied last night in the House and I think our analysis is correct—as I was saying, we noticed an anomaly in this 15% ratio when calculated along the lines described in the legislation."
>
> "In fact, with regard to the operations of foreign banks, the Bill provides for the use of the total balance sheet for the numerator of the fraction, that is the total balance sheet of foreign banks. And for the denominator, that is the basis for comparison with Canadian institutions, you intend to use only the commercial assets of Canadian banks as listed in a document which is called, I believe, Schedule Q. We would especially like to draw your attention to that fact as it seems to be an unintentional step.

Indeed, those who draft the laws in my country sometimes overlook this type of detail, especially in such complex legislation. This is an anomaly, and we tend to believe that, with a fraction of this type, the basis for the calculation of both numerator and denominator should be the same. You could take, in both cases, either the total of the balance sheet or else, calculate commercial loans granted in Canada by foreign banks, that is the penetration of foreign banks on the Canadian market. We would very much like to ask you to examine that technical point, which, if it could be corrected, would make that ratio, if not more acceptable, at least not worse than it is. Furthermore, I believe that if this could be done, it would bring about three obvious advantages, and I will conclude by describing them briefly."

"The first would be, obviously, a greater equity, since both terms would be exactly the same and consistent.

"The second would be to give foreign banks more freedom in their operations, and I would like to add in that respect that, as it happens we are not competing with the Canadian banking system. I mean interbank loans and deposits, both domestic and international, as well as exchange operations with non-residents. These are, I believe, operations which cannot be placed on the same level as commercial assets from Canadian institutions.

"The last point, the last advantage, I believe, concerning this method of operation, especially if we use, in both cases, commercial credit in Canada as a base of reference as indicated in Schedule Q, this would at least allow foreign banks not to take into consideration the calculation of these ratios, of the loans they could make to either the Canadian government or Canadian provinces. I believe these loans should not be referred to as commercial loans. This harmonization of both terms of the fraction would have many advantages for all of us, be it the foreign banks or Canadian banks whose fundamental interests would not be affected, and that is why we would like to draw your very particular attention to that point."

This lack of harmony in method of comparing total assets of foreign bank subsidiaries with 15% of total commercial financing in Canada by all banks was commented on in almost all of the representations made on behalf of foreign banks to your Committee. Suggestions have been presented to your Committee concerning the various ways in which Subs. 294(5) might be amended including the submission of the Bankers Federation of the European Community that Subs. 294(5) be deleted in its entirety.

However your Committee is of the opinion that the general objective in the Act of limiting the growth of foreign bank subsidiaries to 15% of the market is a reasonable one at this time.

The Minister of Finance, since Bill C-15 was tabled, has presented certain proposed amendments which include a proposed amendment to Schedule Q by adding as an additional category to Commercial Financing "Lease Financing Receivables". Schedule Q, "Return of Commercial Financing in Canada" would then include:

1. Agricultural, industrial and commercial loans in Canadian currency.
2. Residential mortgages on multiple dwellings.
3. Lease financing receivables.
4. Foreign currency loans to Canadian residents.
5. Investments in income debentures.
6. Investments in floating rate term preferred shares.

The limited categories of assets listed in Schedule Q have the effect of providing a disincentive for foreign banking subsidiaries to engage in the many other important areas of banking activities. In this connection, Chase Manhattan Canada Limited, in its brief, described the probable situation as follows:

"It also appears to us that the proposed legislation by means of its definition of "commercial finance", has the effect, whether intended or not, of influencing the direction of further FBS growth. Schedule Q (page 304) outlines the five categories of "commercial finance" in Canada. It is only as these five limited categories grow that FBS would be permitted to grow. Therefore, there is an inducement for FBS to engage in the businesses outlined in the five categories as "commercial finance" and a disincentive for FBSs' to engage in the many other activities that are included in "total assets" outlined in Schedule J (page 294). For example, foreign banks would not be encouraged to lend to investment dealers and brokers, provinces, municipal or school corporations in Canada, or to finance single family homes, since these types of finance are excluded from Schedule Q. The practical result of this exclusion is that the foreign banking community would lack an incentive to participate actively in the financing of a significant amount of Canada's future growth in important areas. We believe that such a provision in the Bank Act will prove counter-productive and should be reconsidered. Further, FBSs' would not be" encouraged to engage in lease financing unless the Bank Act is interpreted to include lease receivables in "industrial and commercial loans". At the very least, this is unclear and we believe that further clarifications would be helpful in order that the intent of the law is openly staged."

C. *Contingent Liability on Letters of Credit*

"We would also like to draw your attention to a category in Schedule J, which apparently is unique to Canada. Customer liabilities under guarantees and letters of credit are shown as an asset even though the claims against the customers are contingent. It has been our experience in the United States and elsewhere that contingent claims and contingent liabilities are not shown as balance sheet items, although certain contingent items may be required to be disclosed in footnotes. We would ask that the treatment to be given such contingent items be reviewed in light of practice elsewhere."

Your Committee has noted that the Minister has issued a proposed draft amendment to Bill C-15 whereby Schedule Q would specifically include lease financing receivables. Further, when the Inspector General of Banks appeared before your Committee on the 31st of January 1979, he acknowledged that loans by banks to Government owned utilities such as Hydro Quebec and Ontario Hydro, and to Crown Corporations would be considered to be within the definition of commercial loans. Loans to municipalities and provinces would not be so included. Thus at the date of this report the impact of the contradiction herein described has been lessened somewhat but continues as a defect in the philosophy underlying the Bill.

It is quite clear that Subs. 172(1) is intended to outline the business powers of all banks both Canadian controlled Schedule A banks and foreign controlled Schedule B banks. The only limitation in these powers is in subsection 172(2) which limits the number of branches that may be opened by a Schedule B bank. If there is to be a limitation upon the extent to which any of the business powers may be exercised such limitation should be included in Section 172. While it is obvious from the White Paper that the intention of the Government was to limit foreign bank subsidiaries to 15% of the commercial lending market, if that mark of 15% is reached and foreign bank subsidiaries cannot expand further in the commercial lending field, their only way to effect normal growth through expansion would be to expand in directions other than commercial financing. It is doubtful that this is what was intended by the legislation.

Your Committee is of the opinion that the combination of the individual limit on assets of 20 times authorized capital and the total limit of 15% of total commercial financing should provide a reasonable basis for controlling the share of the market to be acquired by foreign bank subsidiaries. However, your Committee is of the opinion that this limit on total commercial financing should not restrict foreign bank subsidiaries from competing rigorously in other areas such as loans to governments and investments in federal, provincial and municipal securities.

If, however, it is the intention of the Government to restrict foreign bank subsidiaries in other areas of financing, such as residential mortgages, government financing, and personal loans, a separate section of the Bill should be provided to give effect to this restriction.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THAT SUBS. 294(5) BE AMENDED SO AS TO LIMIT THE OUTSTANDING TOTAL COMMERCIAL FINANCING FOR ALL FOREIGN BANK SUBSIDIARIES TO 15 PER CENT OF TOTAL OUTSTANDING COMMERCIAL FINANCING OF ALL BANKS.

2. FOR THE PURPOSES OF THE ACT AND IN THE INTEREST OF PROMOTING COMPETITION YOUR COMMITTEE RECOMMENDS THAT SCHEDULE Q—RETURN OF COMMERCIAL FINANCING IN CANADA—BE EXPANDED TO INCLUDE LEASE FINANCING RECEIVABLES, LOANS TO AND INVESTMENTS IN FEDERAL, PROVINCIAL AND MUNICIPAL GOVERNMENTS, AND LOANS TO INVESTMENT DEALERS.

3. YOUR COMMITTEE RECOMMENDS THAT IN CALCULATING THE TOTAL AMOUNT OF ASSETS OF A FOREIGN BANK SUBSIDIARY, CONTINGENT CLAIMS (CUSTOMERS' LIABILITY UNDER ACCEPTANCES, GUARANTEES AND LETTERS OF CREDIT) NOT BE INCLUDED.

(iii) *Grandfathering and Transitional Provisions Relating to Assets and Investments*

There are three areas where foreign banks have been operating in the financial sector in Canada through affiliated and subsidiary companies whose assets and operations may well exceed the limits proposed in the new legislation at the time that it comes into force. These areas are:

(1) Asset Limitation; (Subs. 173(2)(*e*) and 294(5))

(2) Investments in financial corporations; Section 297

(3) Investments in non-financial corporations; (Subs. 192(2) and 297(1))

(a) *Direct Investment*

While the legislation is not dissimilar in its treatment of direct and indirect investments your Committee's views on the treatment to be afforded these modes differs somewhat in each case and accordingly they will be treated separately.

The Bill itself affords no relief in these situations. Recently, however, the Minister of Finance has issued proposed draft amendments which would provide that a Schedule B bank would be given transitional periods within which to regularize its holdings so as to avoid offending any of the above three limitations at the date of incorporation. Thus by the proposed amendments to Section 297 by Order of the Governor in Council upon the recommendation of the Minister a foreign bank may be permitted to hold ineligible assets for a period not exceeding two years. Your Committee here speaks of interests in Canadian corporations held directly by the foreign parent.

The proposed amendments contemplate extending this two-year period to a period not to exceed ten years where the offending assets or investments are transferred to the foreign bank subsidiary pursuant to the provisions of proposed amendments to Section 28.

The relationship between these two proposed amendments requires careful study. Your Committee has reviewed the matter during its hearings with the Inspector General of Banks and his staff who confirm (Committee Proceedings Jan. 31, 1979, Page 19:81) that the intended effect of the proposed amendments would be to enable the foreign bank, by transferring its ineligible assets to its foreign bank subsidiary, to extend a period of grace of two years to a period not to exceed ten years. Putting it another way the foreign bank would have

a two-year period within which to either divest itself entirely of ineligible direct investments, or to transfer the same to its foreign bank subsidiary, in which case the latter would have a period of up to ten years in which to affect divestiture.

The proposed amendments find favour with your Committee but we have concerns as to whether they go far enough. By way of illustration the Hamilton Group Limited, a Canadian company which owns a 40% interest in Citicorp Leasing Canada Limited, expressed concern in its brief to your Committee that the divestiture requirement would have the effect of eliminating a Canadian presence in an important international leasing organization. It is observed at page 14 of its brief:

> " . . . Hamilton Group Ltd. would be required to sell its interest in Citicorp Leasing Ltd. pursuant to its agreement with Citicorp Leasing (US), Citicorp Leasing Canada Limited would become a division of a foreign banking subsidiary and the Canadian participation in this major leasing company would cease."

The anomaly inherent in this affect was highlighted by the Hamilton Group (Committee Proceedings, Jan. 31, 1979, page 19:46) arising out of the fact that its significant expansion in the Canadian market over the last few years has been as a result of directives issued by the Foreign Investment Review Agency with which it was obliged to comply as part of conditions associated with the approval of the Citicorp Investment.

In addition many representations were made to your Committee that a strict application of the asset and investment limitations would prevent many foreign banks, which could make a significant contribution to competitive banking in Canada, from incorporating a foreign bank subsidiary. Notwithstanding these views your Committee is of the opinion that a period of up to 10 years within which a foreign bank subsidiary must divest itself of such direct investment is fair, adequate and consistent with the limitations imposed on domestic banks in respect of similar investments. Further the proposed period of grace is no less generous than contemplated by the terms of Section 8 of the United States International Banking Act of 1978 (Public Law 95-369 95th Congress—92 Stat. 607)

> "(b) Until December 31, 1985, a foreign bank or other company to which subsection (a) applies on the date of enactment of this Act may retain direct or indirect ownership or control of any voting shares of any nonbanking company in the United States that it owned, controlled, or held with power to vote on the date of enactment of this Act or engage in any nonbanking activities in the United States in which it was engaged on such date."

RECOMMENDATION:

1. THAT THE TIME LIMITS FOR DIVESTITURE OF EXCESS *DIRECT* INVESTMENTS BY A SCHEDULE B BANK OR ITS FOREIGN PARENT AS SET OUT IN THE PROPOSED DRAFT AMENDMENTS HEREINBEFORE REFERRED TO BE APPROVED.

(b) *Indirect Investments*

In many cases foreign banks have indirect interests in Canadian corporations. These interests are owned by holding companies, associates, affiliates or partly owned subsidiaries of a foreign bank. Any large successful international bank, whether Canadian or foreign, must be prepared to engage in, from time to time, associations with other banks or financial institutions in order to extend their usefulness in countries and industries which require funds for development. In establishing these associations a foreign bank often becomes, through its holding company, indirectly associated with other corporations.

This problem was outlined in some detail in the brief of the Banking Federation of the European Economic Community as follows: (Supplementary Brief of the Banking Federation of the European Economic Community, Dec. 15, 1978, Pg. 1)

> "Section 297 would have the effect of preventing a substantial number of foreign banks in the European Economic Community from establishing and, ultimately, from maintaining foreign bank subsidiaries in Canada, since these foreign banks presently have voting and equity interests in commercial or industrial companies in Europe which latter, coincidentally, have or may come to have subsidiaries and/or affiliates in Canada.
>
> "In addition, the same problem arises in the case of foreign banks which, while not holding direct or indirect interests themselves in Canadian companies (including subsidiaries of foreign industrial or commercial companies) are controlled by foreign bank holding companies which themselves hold such interests directly or indirectly.
>
> " . . . many of these ownership positions of foreign banks in European commercial or industrial companies are of long standing, deriving, in many instances, from the requirements of local law or policy and often from the wishes of the home governments of foreign banks. The quantum and nature of these interests vary substantially from relatively minor interests to controlling interests, and are not merely static interests, but often changing interests due to economic reasons and questions of government support in the home country.
>
> " . . . in those instances where the foreign bank has only a minority interest, there is no way that it can or should properly attempt to control the actions of such commercial or industrial company so as to prevent it from establishing or enlarging a business position in Canada."

"The Federation has felt that in the interest of its members it must attempt to suggest some form of acceptable solution, since if it cannot, a very substantial portion of the major banks of Europe would be unable to establish foreign bank subsidiaries otherwise permitted by Bill C-15.

"The Federation accordingly proposes the following as a possible solution to the problem enunciated above:

> 1. That the application of Section 297 be limited, in respect of foreign banks, to existing or future *direct* holdings by a foreign bank or foreign bank subsidiary,

exluding existing or future direct or *indirect* holdings by a foreign bank holding company. This latter exclusion is necessary in view of the fact that the definition of a foreign bank under Subsection 2(1) of the Bill includes a foreign bank holding company.

2. That control over *existing indirect* holdings by a foreign bank and *existing direct* or *indirect* holdings by a foreign bank holding company be provided by an amendment to the Bill which would permit the Minister, when exercising his discretion to issue letters patent to a foreign bank subsidiary, to consider specifically such indirect holdings by a foreign bank holding company in Canadian companies.

3. Once the foreign bank subsidiary was incorporated, any future indirect acquisition of control of a Canadian business enterprise by the foreign bank holding company or any establishment of a new Canadian business enterprise which was indirectly controlled by the foreign bank or directly by a foreign banking holding company, would be subject to the ordinary rules of the Foreign Investment Review Act, which, the Federation believes, provide the Canadian government with an adequate control mechanism.

While the Federation appreciates and respects the design of Canada that there be symmetrical treatment of foreign banks and Canadian banks with respect to non-banking investments in Canada, it believes that the relative positions of foreign bank subsidiaries and non-bank affiliates are sufficiently different from that of anticipated economic activity between such foreign bank subsidiaries and their parents and affiliates on the one hand and Schedule A and B banks on the other hand which justifies different treatment in respect of non-bank holdings.

As the Federation understands it, the limitations on investments by Canadian banks were designed on the one hand to ensure the liquidity and viability of Canadian banks and on the other to prevent conflicts of interest and/or the limitations of competition within the Canadian industrial and commercial sector through bank domination. The Federation submits that since the question here only relates to investments by other than a foreign bank or foreign bank subsidiary *itself* and that since, in any case, the extent of the activities of foreign bank subsidiaries and non-bank affiliates are limited by their very nature, the same concerns do not apply, or at least not to the same extent."

Your Committee has studied these suggestions by the Banking Federation of the European Economic Community and is of the opinion that these concerns should be received sympathetically, in as much as if accepted they would avoid a tremendous loss of many potential new E.E.C. foreign bank subsidiaries which could provide a reasonable competitive balance to offset influx of applications from U.S. banks and also maintain the important pipeline for European and U.K. bank financing which is so important to meet Canada's future development needs. Your Committee does not, however, agree that the solutions proposed meet Canadian requirements.

Bill C-15 does not contain reasonable provisions for either phasing-out excess holdings or for grandfathering present holdings. Your Committee has received representations in this matter and is of the opinion that more damage can be done to the economy and, to Canada's ability to maintain a reasonable balance of reciprocity by not providing reasonable grandfathering and phasing-out provisions in the Bill than can be gained by disrupting present business arrangements which have been operating legally in Canada and which have been instrumental in providing a constructive and competitive contribution to the Canadian economy.

RECOMMENDATIONS:

YOUR COMMITTEE RECOMMENDS THAT THE LEGISLATION BE AMENDED TO PROVIDE FOR GRANDFATHERING WHICH WOULD PERMIT PRESENT *INDIRECT* INVESTMENTS IN CANADIAN CORPORATIONS TO CONTINUE TO BE HELD BY AN AFFILIATE OF A FOREIGN BANK PARENT WHICH APPLIES FOR INCORPORATION AS A FOREIGN BANK SUBSIDIARY IN CANADA, WITH THE PROVISO THAT AT THE END OF A PERIOD OF 10 YEARS THE MINISTER MAY IN HIS DISCRETION AND SUBJECT TO THE APPROVAL OF THE GOVERNOR IN COUNCIL REQUIRE DIVESTITURE OF ALL OR A PORTION OF SUCH INDIRECT INVESTMENT ON THE BASIS THAT SUCH INDIRECT INVESTMENT IS CONTRARY TO SOUND BANKING PRACTICE AND NOT IN THE PUBLIC INTEREST OF CANADA.

(iv) *Limit on Number of Branches and Grandfathering of Such Limitations*

Under Subs. 172(2) a Schedule B bank may not open branches outside Canada and may establish in Canada only its head office and its initial branch, and subsequently, with the approval of the Minister, four additional branches.

Based upon its studies and the evidence of witnesses, your Committee wishes to point out some of the arguments in favour of and against such limitations:

The arguments in favour of the limitations include:

(a) Foreign banks should be restricted to one office initially until the banking authorities have gained some experience as to the nature and size of the proposed operations of a new foreign bank's subsidiary;

(b) Most foreign banks coming into Canada would only compete for the more profitable commercial loans, and more easily accessible major corporate banking business in such cities as Halifax, Montreal, Toronto, Vancouver, Winnipeg, Edmonton and Calgary, and thus the limitations on the number of branches would have no practical negative effect on foreign bank subsidiaries.

Those against the limitations include:

(a) While most foreign controlled banks in Canada would not be interested in establishing a large branch system across Canada, it is possible that the proposed restrictions might deprive some Canadian centres of improved services on a more competitive basis. Such limitations might result in reciprocal limitations in other countries including some individual states in the United States of America;

(b) The limitations might tend to promote one city as the main banking centre for such new banks if they believed that they might be restricted to one location for all time. This might be to the detriment of efficiency and development, because foreign banks would tend to choose such location having regard to long-term growth, location of the main money-market activity or other reasons if they were to be restricted to one location. However, they might choose another location which would be more logical for their first office from the point of view of geography, efficiency and client orientation if they were not to be so restricted in the future.

(c) The restriction on the number of branches would seriously impair a foreign bank subsidiary's ability to be competitive in the retail banking field and to provide a broad or complete range of banking services.

(d) The degree of penetration by foreign banks into the Canadian financial system would not be determined by the number of branches but by financial criteria.

After due consideration of the problems involved in the proposed limitation in the number of branches of a foreign bank subsidiary your Committee is of the opinion that any such limitation should remain flexible so as not to prevent the achievement of reasonable reciprocity. An alternative to a statutory limitation on the number of branches would be specific guidelines established to approve additional branches as benefit to Canada is demonstrated.

Your Committee is certainly of the opinion that the geographical and political structure of Canada dictates that a more reasonable approach would be to have legislation permit at least one branch in each province.

Many foreign bank affiliates presently carrying on business in Canada operate a network of branches which would offend the numerical limitation contemplated by the legislation. These organizations have been carrying on business for some years in Canada and have established a modified branch system which is sufficiently extensive to cause serious disruption to the institutions concerned if they were required, as a condition of entry into the banking community, to unravel it. There does not appear to be any practical purpose in requiring such institutions to divest themselves of their branches, particularly where they are in a relatively established state and where, at the time of establishment, there was no impediment to the creation of a branch network.

Bill C-15 requires a grandfathering provision to protect these institutions. The Minister's proposed draft amendments to Clause 28 of the Bill contemplate that organizations which have branches which exceed the statutory number may be permitted to continue to maintain these branches for periods of time authorized by the Minister not to exceed 10 years. In the opinion of your Committee it is not rational to require any of these pre-existing branches to close and thus the grandfathering provision ought not to be expressed in terms of time. It would be sufficient to provide that branch networks established prior to the coming into force of the Act should be permitted to continue indefinitely subject to the remaining provisions of the Bill as they relate to foreign bank subsidiaries.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THAT THE BILL BE AMENDED TO PROVIDE THAT A FOREIGN BANK SUBSIDIARY SHALL HAVE ONE PLACE OF BUSINESS AND IN ADDITION THERETO MAY HAVE ONE BRANCH IN EACH PROVINCE AND TERRITORY OF CANADA, AND FURTHER NOTWITHSTANDING ANY SUCH LIMITATION WITH THE APPROVAL OF THE MINISTER ADDITIONAL BRANCHES MAY BE AUTHORIZED FROM TIME TO TIME AS CIRCUMSTANCES WARRANT AND THE PUBLIC INTEREST DICTATES HAVING IN MIND RECIPROCITY COMMITMENTS TO OTHER COUNTRIES.

2. YOUR COMMITTEE RECOMMENDS THAT THE PROPOSED AMENDMENT TO SECTION 28 TO PERMIT GRANDFATHERING OF EXISTING BRANCH NETWORKS OF FOREIGN BANK AFFILIATES SEEKING TO BECOME FOREIGN BANK SUBSIDIARIES SHOULD BE APPROVED SUBJECT TO REMOVAL OF THE 10 YEAR TIME LIMITATION IN RESPECT OF THE CONTINUED OPERATION OF SUCH BRANCHES.

(v) *Ministerial Discretion to Permit the Establishment of new Foreign Bank Subsidiaries Notwithstanding a Resulting temporary exceeding of the 15% Limit set out in Subs. 294(5)*

Your Committee can envisage situations developing under the new Bank Act to which, the grant of letters patent for incorporation of a new foreign bank subsidiary might well result in a temporary infringement of the 15% limit on total commercial lending established by Subs. 294(5). Your Committee is of the view that practical considerations dictate the establishment of a discretion in the Minister to exceed the limit for a confined period of time in order to prevent inequities in treatment of competing institutions which may enjoy equal entitlement to gain entry. A ministerial discretion of this kind will also be required to insure that the principle of grandfathering of asset size, which is implicit in the removal of the $500 million limit which was originally imposed in the White Paper, will not be justified by a combination of the presence of the 15% limit and a desire to treat applicants of equal right equally. It goes without saying that such a discre-

tion will also be of real significance in insuring reciprocity as between Canada and other countries whose banks would otherwise face a closed door.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED TO PERMIT THE MINISTER IN APPROPRIATE CIRCUMSTANCES TO EXERCISE HIS DISCRETION TO GRANT LETTERS PATENT OF INCORPORATION OR SUPPLEMENTARY LETTERS PATENT TO A FOREIGN BANK SUBSIDIARY NOTWITHSTANDING THAT THE EFFECT OF SUCH GRANT WOULD RESULT IN A TEMPORARY BREACH OF THE PROVISIONS OF SUBS. 294(5) OF BILL C-15 WITH RESPECT TO THE LIMIT OF 15% OF TOTAL COMMERCIAL LENDING.

(vi) *Prohibition Against Borrowing by a Non-Banking Affiliate on the Guarantee of its Foreign Parent*

In its report on the White Paper your Committee was not completely in favour of the proposal to deny an affiliate of a foreign bank, which decides not to be incorporated as a bank and so conduct its financial activities outside the operation of the Bank Act, the right to attract funds through the issue of notes payable which are guaranteed by its parent.

The main reasons for your Committee's opinion at that time was that it was not clear how this restriction could be enforced, and also your Committee believed and still believes, that a foreign bank parent of any Canadian affiliate should be responsible for its debts in Canada.

Your Committee considers that the removal of the guarantee of a well-known foreign bank would not have a material effect on the Canadian affiliate's ability to attract funds, other things such as interest rates being equal; the parent would feel obliged to support the position of its Canadian affiliate in order to protect its own good name.

Your Committee in its report on the White Paper, suggested the following alternative:

> "Rather than prohibiting the possibility of borrowing with the guarantee of a foreign parent, your Committee suggests that a more reasonable approach would be to limit the ratio of the foreign affiliate's guaranteed borrowing to total borrowing liabilities and capital. A limit of this nature would encourage the Canadian affiliate or subsidiary of a foreign bank to import more capital funds either as foreign borrowing from the parent or others or as an infusion into new capital stock.
>
> "If the limit was set at 50% of total borrowing liabilities and shareholders' equity, when borrowings on the guarantee of the parent reached the 50% level, new capital funds would be imported into Canada. In the opinion of your Committee this would encourage a reasonable balancing of imported funds consisting of loans and shareholders' equity with borrowings on the Canadian market on the guarantee of the parent."

Notwithstanding the above, your Committee has studied Section 298 of the Bill and is satisfied that the all-embracing nature of this provision is sufficient to make the prohibition effective in as much as it includes "any person" in the prohibition against participating in any arrangement under which a foreign bank guarantees any securities. Not only are non-bank affiliates of a foreign bank included but also the potential lenders or "depositors".

While your Committee is still of the opinion that the foreign parent will continue to be and should be morally responsible for the debts of its affiliates and subsidiaries in Canada, nevertheless your Committee agrees with the important thrust of this legislation which is to encourage foreign banks to conduct their "banking operations" in Canada formally and legally under the umbrella provided by the Bank Act.

(vii) *Competitiveness and Reciprocity*

The provisions of the Bill which deal with incorporation of foreign bank subsidiaries as banks thereunder which is of the greatest significance is set out in subsection 8(d) which reads as follows:

> "Notwithstanding subsection 7(2) Letters Patent to incorporate a bank shall not be issued . . . where the bank thereby incorporated would be a foreign bank subsidiary, unless the Minister is satisfied that it has the potential to make a contribution to competitive banking in Canada, and that treatment as favourable for banks to which this Act applies exists or will be arranged in the jurisdiction or jurisdictions in which the foreign bank or foreign banks applying for Letters Patent or on whose behalf the application for Letters Patent has been made principally carry on the business of banking."

This provision is of course new under the present Bill and sets up two criteria for foreign bank subsidiaries, namely, the potential to make a contribution to competitive banking in Canada and relative reciprocity for Canadian banks in the foreign bank's jurisdiction of origin. Apparently it is not intended that there will be any regulatory provisions associated with this aspect of the Bill and in the circumstances it can be seen that the requirements are broad indeed.

Your Committee in its report with respect to the White Paper accepted the concepts of reciprocity and significant benefit to Canada as being appropriate criteria. In that report the difficulty with the concept of mutual non-discrimination in the light of Canada's peculiar position with respect to the United States was noted. As will appear hereunder many organizations which appeared before your Committee made a plea for full mutual non-discrimination but as was noted in your Committee's earlier report, by reason of the relatively greater size and financial strength of United States banks in particular, and foreign banks generally, both collectively and individually, it is quite obvious that Canadian interests dictate that it would be necessary to interpret and limit the concept of mutual non-discrimination.

Dealing first of all with the provision of the Bill as a whole, it will be seen that it is cast in very broad language and is not supported by specifics in the way of regulations. Your Committee agrees that this is the proper approach. It would quite obviously be impossible to encapsule in statutory language all of the considerations that the Minister and the Governor in Council would have before them in particular cases, and in the circumstances it is best to provide a broad power in order to guarantee the requisite of flexibility. On the other hand such a broad discretionary power demands meaningful public accountability and your Committee reaffirms, in this connection, the need for a public review of applications to incorporate banks particularly in the case of foreign banks. This latter consideration emerges from the fact that there is a limitation upon the participation by foreign banks in the Canadian banking system and simple justice will demand that there be fair and equal treatment of applications for incorporation, particularly in the initial stages. Such treatment cannot be guaranteed without public accountability and it is for this reason that your Committee feels so strongly about public review.

With respect to the criteria of potential to make a contribution to competitive banking in Canada it can be anticipated that after the legislation has been in place for a period and the limit of participation by foreign bank subsidiaries in the Canadian banking system is approached, there will be a very real need to ensure that the disposition of applications for incorporation of foreign bank subsidiaries is dealt with in an even-handed way. Even in the earlier stages there will be questions of priority of applicants and no doubt those institutions which have had a presence in the Canadian financial community heretofore, would assert an entrenched position. These are issues which should be given a high public profile, in the examination process.

The greater area of difficulty it seems to your Committee will lie in the so-called reciprocity provision. Depending on one's point of view the term "reciprocity" is a misnomer. If one looks at it from the standpoint of foreign banks their view is that Canadian banks are permitted unrestricted entry into their jurisdictions of origin and thus, on the present restrictions in the Bill, reciprocity does not exist. It was obviously the intention of the drafters of the Bill that the reciprocity be flowing the other way, that is to say that Canadian banking institutions be afforded equivalent opportunity in foreign jurisdictions as is afforded to foreign banks in Canada. Many of the groups that appeared before your Committee complained of this aspect of the Bill. Thus, Barclays Canada Limited point out that all of the major limitations on the right of foreign bank subsidiaries to conduct business in Canada untrammeled are unique to Canada and are unknown both in Britain and the European Economic Community. Citicorp points out that the aggregate limit of the total assets of all foreign banks which could come into Canada under the limitations imposed in the Bill represent a substantially smaller proportion than that of Canadian banks in New York State alone. Nonetheless, it is implicit in all of the briefs and submissions which your Committee has entertained that there would appear to be a consensus in the foreign banking community as expressed by The Banking Federation of the European Economic Community in its brief, that it is "fully aware of the specific situation in Canada, and therefore, does not expect strict reciprocity in all respects." The situation which is spoken of is of course the dominance of foreign business interests in this country and the vulnerability of the banking community to foreign control. There has been evidence from a number of witnesses on this point and specifically the Governor of the Bank of Canada observed as follows: (Committee Proceedings Jan. 24, 1979 Page 18:12)

> "There is no doubt that the presence of foreign banks increases competition and that this will affect anyone in the business. Generally speaking, we tend to favour more competition in this country. I am not too concerned about that. If it is unfair competition, that is a different thing. That is one reason I favour some limitation. I would not want to see a situation in which foreign banks automatically got a great deal of business because they were dealing with subsidiaries of foreign parent companies. That is one reason for having a limitation."

The other aspect of reciprocity which must be borne in mind is that its application may be complex in countries with multiple banking jurisdictions such as the United States. In the opinion of your Committee the wording of the Bill is sufficient to cover this situation in that the test will be reciprocity in terms of that jurisdiction in which the foreign bank carries on its principal business.

In sum therefore, your Committee is satisfied that the objects of flexibility and equality of treatment are best met by the wording in subsection 8(d) as it presently appears and that any attempt to establish a framework of rules for determining reciprocity or competitiveness would be counter productive.

(vii) *Licensing*

Concomitant with the grant of entry to foreign bank subsidiaries into the Canadian banking system, reciprocal treatment for Canadian financial institutions in the respective foreign jurisdiction must be assured in order to achieve one of the main objectives of the Act. Your Committee takes note that once approval has been given by the Governor in Council for a foreign bank subsidiary to commence the business of banking in Canada, the Act is unclear on the course of action that should be followed to require the continued existence of reciprocal treatment should changes occur in the foreign jurisdiction. The matters of reciprocity and the operation of the foreign bank subsidiaries in accordance with the intent and purpose of the Bank Act were discussed in Committee with representatives of various foreign banks. In particular, the matter of the issuance of an annual license and the purpose for which a requirement might be established were discussed.

Your Committee is of the opinion that an appropriate method for controlling the activities of foreign bank subsidiar-

ies would be through the creation of a system of licensing. This would be a vehicle for ensuring that foreign bank subsidiaries make a contribution to competitive banking in Canada and further it would be an appropriate method of ensuring reciprocity for Canadian banks in foreign jurisdictions. It is the view of your Committee that once the Government of Canada satisfies itself that it is in the public interest that foreign banks be permitted to carry on business in this country in competition with domestic banks, it is both appropriate and consistent to ensure that the public interest continues to be served. Therefore in the opinion of your Committee this can best be accomplished by the establishment of a system of annual licensing.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT ALL FOREIGN BANK SUBSIDIARIES, WHICH HAVE OBTAINED THE APPROVAL OF THE GOVERNOR IN COUNCIL TO COMMENCE THE BUSINESS OF BANKING, THEREAFTER SHALL APPLY ANNUALLY TO THE INSPECTOR GENERAL OF BANKS FOR A LICENSE TO CONTINUE THE BUSINESS OF BANKING. SUCH LICENSE SHALL BE GRANTED BY THE INSPECTOR GENERAL OF BANKS UPON HIS BEING SATISFIED THAT THE BUSINESS OF SUCH FOREIGN BANK SUBSIDIARY IS BEING CONDUCTED IN ACCORDANCE WITH THE INTENT AND PROVISIONS OF THE BANK ACT. IN THE EVENT OF A REFUSAL TO GRANT SUCH A LICENSE THERE SHALL BE AN APPROPRIATE RIGHT OF APPEAL, PURSUANT TO THE PROVISIONS OF THE FEDERAL COURT ACT, TO THE FEDERAL COURT OF CANADA.

(ix) *Application of FIRA*

It is at the root of the concept of permitting entry of foreign bank subsidiaries that there shall be a statutory definition of the circumstances which would permit entry and which would govern the activities of such foreign bank subsidiaries as banks in Canada. Thus Section 8 of the Bill contemplates a definition of the circumstances in which incorporation of a foreign bank subsidiary will be permitted. These provisions are not unlike the provisions which permit foreign investment in Canada under the Foreign Investment Review Act. It is for this reason that the legislation contemplates that the Foreign Investment Review legislation will have no application to the incorporation of foreign bank subsidiaries under the Bank Act. This concept makes good sense, and your Committee is of the view that it is appropriate for foreign bank subsidiaries to be tested by the statutory requirements of the Bank Act, and not other legislation which has no special reference to the business of banking.

## 2. RESERVES

(i) *Proposed Changes*

(a) The present rates are 12% of demand deposits and 4% notice deposits. Bill C-15 proposes that these rates be reduced to 10% and 3% respectively.

(b) The above changes in rates of reserve requirements are to be phased in gradually over a 4½ year period as follows:

Demand deposits—12% reducing by ¼ of 1% every six months starting on the anniversary of the coming into force of the new Bank Act.

Notice Deposits—4% on the amount over $500 million, reducing by ⅛ of 1% every six months, also commencing one year after the coming into force of the new Bank Act.

(c) A reduction in the primary reserve requirement from 4% to 3% of the first $500 million of Canadian currency notice deposits, effective on the coming into force of the new Bank Act.

(d) The following types of deposits are to be excluded from the amounts of deposits on which the primary and secondary reserve requirements are to be calculated.

—certain deposits having a term of one year and over as defined by subsection 204(8)(d)

—RRSP and RHOSP deposits

—interbank deposits

—non-interest bearing demand deposits from non-bank members of CPA

—Canadian dollar deposits used outside Canada

—deposit liabilities of a bank's wholly owned Canadian subsidiaries.

(e) Assets eligible as cash reserves include Canadian coin except gold coin, (coin is not eligible in present Act).

The general effect of the above reduction in percentage rates for calculation of primary cash reserves when fully effective and based on the present amount of such deposits results in an aggregate reduction of approximately $1 billion of cash reserves. This will be phased-in over a 4½ year period. The effect of the proposed exemptions of various deposits from the reserve requirements might be summarized as follows:

| | Exempted Deposits (Millions) |
|---|---|
| Section 204(8) | |
| (a) Deposits under RRSP and RHOSP Plans | ($1,519) |
| (b) Deposits with other banks | ($39) |
| (c) Non-interest bearing demand deposits from members of the Canadian Payments Association that are other than banks | NIL |
| (d) Canadian currency demand deposits from residents of Canada with an original term to maturity of one year or more if such deposits are not encashable, and encashable Canadian currency deposits from residents of Canada that are not encashable until after one year from the date of issue | ($67) |
| | ($2,230) |
| In addition Subsection 204(1)(g) requires a new reserve of 3% on foreign currency deposits used to finance domestic transactions, estimated to amount to | $4,359 |
| NET INCREASE IN RESERVABLE DEPOSITS BASED ON DEC. 31, 1977 DEPOSITS | $2,129 |

Source: Canadian Bankers' Association, based on reports of all chartered banks as at December 31, 1977.

The following schedule shows the net effect of the new reserve rates proposed in Bill C-15 compared with the rates in the present Bank Act, and also the effect of the reduction caused by the exemption of certain deposits such as RRSP and RHOSP deposits and the increase resulting from the new reserve requirement for foreign currency deposits used domestically.

(as at December 31, 1977)

| | Present Bank Act Requirement | Proposed Increase (Decrease) | Bill C-15 Proposal |
|---|---|---|---|
| | (Millions) | | |
| Demand Deposits | | | |
| Amount or Reservable Deposits | $17,573 | ($39) | $17,534 |
| Rate | 12% | | 10% |
| Reserve requirement | $2,109 | | $1,753 |
| Notice Deposits | | | |
| Amount of reservable deposits | $67,507 | ($2,191) | $65,316 |
| Rate | 4% | | 2% on 1st 500<br>3% on excess |
| Reserve requirement | $2,700 | | $1,899 |
| Foreign Currency Deposits Used Domestically | | | |
| Amount of reservable deposits | | $4,359 | $4,359 |
| Rate | | | 3% |
| Reserve requirement | | | $131 |
| Total Deposits | | | |
| Amount of Reservable Deposits | $85,080 | $2,129 | $87,209 |
| Rate | 12% and 4% | | 10% and 3% |
| Reserve requirement | $4,809 | | $3,783 |

This might be summarized further as follows:

(as at December 31, 1977)

| | Demand | Notice | Foreign | Total |
|---|---|---|---|---|
| | (Millions) | | | |
| Present Requirement | | | | |
| Eligible Deposits | $17,573 | $67,507 | | $85,080 |
| Reserve Requirement | $2,109 | $2,700 | | $4,809 |
| Proposed Requirement | | | | |
| Eligible Deposits | $17,534 | $65,316 | $4,359 | $87,209 |
| Reserve Requirement | $1,953 | $1,899 | $131 | $3,983 |
| Increase (decrease) in reserve requirement based on Dec. 31, 1977 deposits | ($356) | ($801) | $131 | ($1,026) |

The above amount of reservable foreign currency deposits used domestically at December 31, 1977 ($4,359 millions) has been supplied by the Canadian Bankers' Association; this is a net amount after making allowance for non-reservable deposits.

The comparable figures at December 31, 1978 are as follows: Canadian dollar statutory deposits—demand deposits $20,009 million, reserve requirement $2,401 million; notice deposits $79,003 million, reserve requirement $3,160 million, total reserve requirement $6,061 million.

Apart from the effect of the proposed changes in the types of deposits which are proposed to be excluded from reservable deposits, based on figures as at February 28, 1979, the proposed reductions in reserve rates would have the following result:

RESERVABLE DEPOSITS
(millions)

| | | Present | | Proposed | | Reduction |
|---|---|---|---|---|---|---|
| Demands | $ 21,732 | 12% | $2,608 | 10% | $2,173 | $ 435 |
| Notice | $ 79,593 | 4% | $3,184 | 3% | $2,388 | $ 796 |
| | $101,325 | | $5,792 | | $4,561 | $1,231 |

(Source: Bank of Canada Weekly Financial Statistics, March 1, 1979)

Following are the proposed changes in Part I of Bill C-15 the new Bank Bill, on which your Committee makes recommendations in this report:

1. The phasing-in of the reductions in the rates of the primary cash reserve requirements.
2. The requirement for a 3% primary cash reserve and also a secondary reserve requirement on foreign currency deposits used domestically.
3. The exemption from the primary reserve requirement of Canadian currency deposits of a term one year and over which are not encashable.

Your Committee also noted the following changes in reserve requirements proposed by Part I of Bill C-15.

Reduction by 1% of the primary cash reserve requirement on the first $500 million of notice deposits.

Exclusion of other banks' deposits from reserve requirements.

Exclusion of RHOSP and RRSP deposits from reserve requirements.

(ii) *Phasing in of Reductions in Rates of Primary Reserve*

As noted above, the reductions of the rates of the primary reserve requirement (demand deposits reduced from 12% to 10%, and notice deposits reduced from 4% to 3%) are to be phased-in over a 4½ year period.

Your Committee, as a result of its hearing of witnesses and its study of the matter has concluded that while the government has agreed with your Committee's finding that the amount of the reserve requirement was higher than necessary and has agreed with your Committee's recommendation in its Report on the White Paper on Banking that the reserve requirement should be reduced as above, the government is concerned that a sudden drop in the reserve would disturb its fiscal borrowing requirement and disrupt the treasury bill market if effect were given to such reductions in percentage rates within a shorter period of time than what is proposed.

While your Committee agrees that such changes should be phased-in over a reasonable period, it is of the opinion that the following aspect of the phasing-in should be studied and considered:

> What is a reasonable phasing-in period taking into account the various factors involved including the experience during the 1967 reduction in reserves?

Appearing before the Standing Senate Committee on Banking, Trade and Commerce on November 11, 1978, Mr. W. A. Kennett, Inspector General of Banks stated,

> "The government has recognized that the primary reserve requirement imposed on the bank is higher than it needs to be. The government has proposed following the Committee's recommendation, that this requirement should be lowered; but having in mind the high fiscal borrowing requirements of the government in fiscal years 1978, 1979 and even in fiscal year 1980, the government has sought a way to reduce this reserve requirement with a minimum of impact on its full fiscal program." (Committee Proceedings, November 11, 1978)

The Canadian Bankers' Association on pages 9 and 10 of its brief states:

> "as to the reductions in the reserve ratio in our view the 'phasing-in' period is far too long."
>
> " . . . In the 1967 revision the main changes, some of them more important than those now proposed (e.g. the removal of the interest ceiling and substantial reductions in reserve requirements), were operative in a matter of months. We are convinced that the transitional period this time could be reduced well below that now provided in the bill."

On January 24, 1979 when he appeared before your Committee, Mr. Gerald K. Bouey, Governor of the Bank of Canada, outlined his attitude towards the amount and the period proposed for phasing-in of the primary cash reserve as follows:

> "From the point of view of monetary policy, you do want a reserve requirement that would be somewhat higher than the banks would keep automatically because you want a sensitive response to any changes you bring about in cash reserves. When we put more cash reserves into the system we want the banks to want to employ those funds to acquire securities or make loans. Otherwise there is no response. If their cash is so low that when we increase it they say, "That is the range we want to keep anyway," nothing results. So, having a minimum reserve requirement—and it has to be a non-interest bearing requirement.
>
> (Committee Proceedings, Jan. 24, 1979 pages 18:18 and 18:19)
>
> "So the question of what cash reserves should be is not an easy one to answer. You could reduce the non-interest bearing cash reserves, aside from the notes, to zero. You could have a system whereby the Bank of Canada would lend enough money to the banks to cover their overdraft at the close of business every day. That is theoretically possible. On the other hand, if we withdraw all these other facilities it might be that they would have to keep fairly high cash reserves. This is why I say that the amount they are asked to keep is a pretty arbitrary one."
>
> . . . .
>
> "When you look at it you try to ensure that they are not being penalized compared to other countries and that they are reasonably competitive. But whenever you reduce the cash reserves you reduce the tax, and you must remember you are shifting that so-called tax from the users of banking services on to the public generally."
>
> (Committee Proceedings, Jan. 24, 1979 pages 18:16 and 18:17)
>
> "This proposal, as I said, would benefit the banks, and I do not see any reason why it should be done in any way that would cause disruption elsewhere. As honourable senators are aware, the borrowing requirements of the government are quite high these days. When this change takes place, the government will have to find a home for the securities which the Bank of Canada now holds as a counterpart to these cash reserves. To put it another way, the cash reserves of the banks are in the form of Bank of Canada notes and deposit balances with the Bank of Canada, and the counterpart to that on our balance sheet are Government of Canada securities. Any reduction in cash reserve requirements will have to be accompanied by a reduction in the amount of Government of Canada securities held by the Bank of Canada. As this reduction takes place, another home will have to be found for those securities.
>
> In present-day terms, that amount is about $1 billion. In addition to placing outside the Bank of Canada whatever amount of government debt is required at that time, there will be another $1 billion. So, I think it should be done gradually and in a way that is not disruptive to security markets or to the government's debt management. I would not argue that it has to be exactly in accordance with some formula, but it certainly should be done over a period of time to ensure that it is not disruptive."
>
> "The major difference between the situation now and the situation which prevailed 10 years ago is that government cash requirements today are much higher and the amount of government debt that has to be placed much larger."
>
> (Committee Proceedings Jan. 24, 1979 pages 18:14 and 18:15)

The 1967 reduction in reserve requirements was phased in monthly over an eight month-period without any apparent disturbance of monetary policy or of the treasury bill market. The changes at that time were an increase in reserves on demand deposits (from 8% to 12%) and a more than off-setting reduction in reserves on notice deposits (from 8% to 4%). The changes were phased in at the rate of ½ of one percentage point each month over eight months. Based on the deposits in the banking system in 1967 there was a reduction in the cash

reserve requirement from approximately $1,750 million to $1,550 million, a reduction of approximately $25 million per month. This was an average reduction of 1½% of the reserve per month.

This compares with a proposed average monthly reduction of 16 million dollars per month or an average rate of considerably less than ½ of 1% of the reserve per month (.0031% or about 1.86% semi-annually.)

On a basis comparable to the 1967 phasing-in period the proposed reductions in Bill C-15 your Committee estimates, could be accomplished over a 12 month period. (This observation is made on a purely mathematical basis without taking into account other factors such as inflation, interest rates, growth of money supply, monetary policy, etc.). An increase in the amount of deposits in the Canadian banking system at a growth rate in excess of 5% per annum could therefore increase the amount of reservable deposits and also the amount of the reserves held by the Bank of Canada for the chartered banks. This would result, therefore, in an actual increase in the amount of revenue which would be earned by the Bank of Canada from the use of the primary reserve. The growth of deposits held by the chartered banks recorded the following growth rate over the past six years:

| | Total Canadian $ Deposits (millions) | Annual Rate of Increase |
|---|---|---|
| Dec. 31, 1972 | $40,728 | |
| 1973 | 48,565 | 19.24% |
| 1974 | 58,797 | 21.07% |
| 1975 | 66,893 | 13.73% |
| 1976 | 76,773 | 14.80% |
| 1977 | 88,670 | 15.50% |
| 1978 | 103,144 | 16.32% |

(Source: Bank of Canada Monthly Review)

While it is expected that the amount of deposit liabilities, caused by the growth in the money supply and other factors, will continue to increase, the intention of the government to moderate the rate of monetary expansion in Canada will probably result in a slower annual growth rate than the above trend over the past several years. However, the following statement by R. W. Lawson, Senior Deputy Governor of the Bank of Canada to the Swiss-Canadian Chamber of Commerce, Montreal, 21 September 1978 does indicate that the growth rate will be in excess of 5% per annum:

> "As you know, we in the Bank of Canada have been pursuing this policy of moderating gradually the rate of monetary expansion in Canada by the practice of publishing a target range for future growth of the money supply narrowly defined (M1), and then each year or so lowering the target range. Last week we published the fourth target range in this series. The new target range is from 6 to 10 per cent annually, and it replaced a range of 7 to 11 per cent chosen last year, 8 to 12 per cent the year before and 10 to less than 15 per cent announced in the fall of 1975". (Bank of Canada Review, October 1978)

Your Committee has concluded that based on a growth in the supply of money held in bank deposits at the rate of 5% per annum compounded semi-annually, the proposed phasing-in of the reserve reduction semi-annually would result in the dollar amount of cash reserves remaining steady. That is to say, there would be no loss in actual dollar revenue to the Bank of Canada nor would there be any material change in the amount of constant or absolute dollar revenue to the chartered banks. A growth rate in the money supply of 5% would result in additional absolute dollar revenue to the Bank of Canada in spite of the proposed reduction in the reserve ratios.

The effect of inflation on the future value of the cash reserves in terms of purchasing power has not been taken into account in the above observations.

Since the amount of deposits in the chartered bank system has been increasing at a considerably greater average rate than 5% per annum, there would in fact be a net increase in the amount of the cash reserves at the Bank of Canada based on absolute amounts of money. In addition there would also be increased cash reserves provided by the new banks entering the system. Overall, therefore it appears probable that there should be no loss of revenue to the Bank of Canada by phasing-in the reduction in primary cash reserve rates over a twelve month period. On the contrary, there should be a steady increase in dollar amounts of cash revenue.

Based on its studies and the evidence submitted, your Committee is of the opinion that the phasing-in period could be reduced from 4½ years to 12 months without causing any disruption to the fiscal requirements of the government or the ability of the Bank of Canada to maintain an even control over the monetary and banking system. As noted above a 12 month phasing-in period would be comparable to the 1967 period of 8 months.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT THE TRANSITION OR PHASING—IN PERIOD FOR THE REDUCTION IN RATES OF CASH RESERVE REQUIREMENTS BE REDUCED FROM 4½ YEARS TO 12 MONTHS.

(iii) *Foreign Currency Deposits Used Domestically*

The present Bank Act does not require the chartered banks to provide either primary cash reserves or secondary reserves on foreign currency deposits. The intention to require primary cash reserves on foreign currency deposits used domestically was first broached in the White Paper on the Revision of Canadian Banking Legislation 1976 which blandly stated, without giving any reasons therefore, "Reserve requirements with respect to foreign currency deposits used domestically will be at the 4% rate."

In accordance with your Committee's recommendations in its report on the White Paper, the primary reserve rate in Bill C-15 has been reduced from 4% to 3%. Section 204(1)(g) states "three percent of such of its deposits as are foreign currency deposit liabilities used to finance domestic transactions."

Bill C-15 however, has gone even farther than the declared intention of the White Paper, by requiring the additional secondary reserve (presently 5%) on such foreign currency deposits used domestically. Subsection 204(7) states:

> "A bank, if required by the Bank of Canada shall maintain a secondary reserve, in addition to its primary reserve . . . and such reserve shall not be less on the average during any month than such percentage as may be fixed under subsection 18(2) of the Bank of Canada Act of an amount equal to such of its deposit liabilities as are deposit liabilities used to finance domestic transactions."

Whether this was the intention of the Minister or not, foreign currency deposits used domestically are swept into the net of the secondary reserve requirement in addition to the primary reserve requirement.

In its report on the White Paper, page 15, your Committee reported as follows:

> "It has been pointed out to your Committee that a considerable amount of competition for this type of deposit comes from foreign-controlled financial institutions which are not subject to the control of the Bank Act and are not required to provide reserves with the Bank of Canada. The banking community has pointed out to your Committee that the imposition of this proposed reserve requirement on Canadian chartered banks would put them at a rate differential disadvantage of almost ½ of 1% (38 basis points) in the interest rate they would have to charge when competing with foreign-controlled near-banks (assuming the current interest was 9% per annum.)
>
> This means, for example, that a Canadian chartered bank which receives a foreign currency deposit of U.S. $100,000 would have only U.S. $96,000 to lend after deducting the proposed 4% reserve. To obtain the same net earnings as a competing near-bank, a chartered bank would have to charge an interest rate of 9.38% (38 basis points or 0.38% more) compared with 9% charged by a near-bank. As can be seen, the bank would be at a distinct disadvantage in competing with institutions which would not be required to maintain non-interest bearing cash reserves.
>
> It has also been pointed out in representations made to your Committee that such a reserve requirement could create difficulties for the smaller banks because all deposits, whether in domestic or foreign currencies, are essential to growth.
>
> A part of the reserves required of Canadian banks are based on Canadian currency deposits employed abroad which are received from non-residents. Your Committee, in the light of this requirement and based on the concerns of the banking community in representations made to your Committee, finds it difficult to assess the reasons for adding this new reserve requirement in respect of foreign currency deposits used domestically.
>
> In the opinion of your Committee, based on its studies, and the evidence submitted, it does not appear to be fair to place Canadian banks at a legislated disadvantage when competing with foreign-controlled competitors. The disadvantage results from the loss of revenue to the banks having to put up a non-interest earning cash reserve of 4% on foreign currency deposits used domestically. Your Committee suggests that if such a reserve is required, this rate differential might be overcome in large part by having the Bank of Canada pay over to the chartered banks the interest which would be earned by the central bank on the investment of such cash; an alternative, in your Committee's opinion, would be to exempt from reserves the following classes of foreign currency deposits used in Canada:
>
> (a) Foreign currency deposits with an original term in excess of one year which are not encashable. This would be in line with the White Paper's proposal to exempt similar Canadian dollar deposits.
>
> (b) Funds advanced in foreign currency to the federal, provincial and municipal governments. This would equalize competition from foreign banks because the latter can lend to governments in Canada without reserves and without withholding tax cost.
>
> (c) Funds advanced in foreign currency where the term loan agreement calls for not more than 25% to be repaid in the first five years. This also would equalize competition from foreign banks who can lend to Canadian corporations without the reserve burden and without withholding tax cost."

The concerns and recommendations of your Committee were not heeded in the drafting of Bill C-15. Your Committee heard the testimony of witnesses representing the Canadian Bankers' Association and of individual Canadian chartered banks concerning these new requirements of Bill C-15 as well as in connection with the Committee's study of the White Paper.

As a result of its hearings and study, your Committee is further strengthened in its views that the imposition in Bill C-15 of the Primary Reserve requirement for foreign currency deposits used domestically will put Canadian chartered banks at a competitive disadvantage and will mean considerable business and revenue being lost by Canadian banks to foreign banks, and a loss in revenue to the Canadian Government.

The brief of the Canadian Bankers' Association covers this subject as follows:

> "Of the specific proposals put forward in Bill C-57 our principal objection is to the new 3% reserve on foreign currency deposits used domestically. We find it very difficult to understand the purpose of this provision. No official explanation has been given in the White Paper, the Bill or in remarks by the Minister. We have had to assume that it

reflects a fear that the absence of a reserve requirement will lead the Canadian banks to become over-dependent on foreign currency resources, a fear which in our view is groundless.

"We have represented to the Department that this proposal runs counter to the whole spirit of the revision, which we take to be the fostering of even greater competition in Canadian financial markets. Non-resident banks may make such loans in Canada free of reserve requirements for the funding thereof, and there is nothing in Bill C-57 that will prevent them from continuing to do so. For the Canadian banks however the Bill imposes a restriction in the form of the new 3% reserve which will seriously curtail their ability to compete."

"The inhibition that is assumed to prevent the foreign banks from lending here is the imposition of withholding tax on the interest on such loans. This in fact is not a real barrier. In many forms of lending there is no withholding tax at all, and furthermore in the main countries involved this tax can usually be offset against other tax liabilities, so that it is not an effective deterrent. By contrast the new reserve will be a very potent barrier for the Canadian banks. Competition is extremely keen in this type of lending, and differences in margins of 1/16th, 1/8th or 1/4 of a per cent are crucial. The cost of keeping a 3% reserve is roughly equal to 1/4% at current interest rate levels. The reserve could therefore easily prevent the Canadian banks from continuing a line of activity that has been beneficial both to themselves and their customers while making it easier for foreign banks to take over this business.

"It also seems anomalous that Canada is proposing to introduce this form of reserve at the very time that the United States has abandoned a comparable measure. American provisions having similar effect were recently withdrawn entirely.

"A difficulty with the proposal also is that among the banks it will have a very unequal effect, depending on the extent of their foreign currency business. For the banks so affected the result will be to deny any immediate reduction in reserve requirements as provided in the Bill, or at least to make them minimal."

The arguments of the Canadian chartered banks on this point, in the opinion of your Committee, contain considerable substance, and strengthen your Committee's view expressed in its report on the White Paper that there should not be any primary reserve requirements nor, indeed, any secondary reserve requirement on foreign currency deposits used for domestic transactions.

If the Canadian government is seeking a means to monitor the amount, source, location or trend of such deposits, such information is presently provided to the Bank of Canada. The amount of foreign currency business with Canadian residents (booked at chartered banks in Canada) is reported in the Bank of Canada "Weekly Financial Statistics" and in the Bank of Canada Monthly Review.

The trend of foreign currency deposits used domestically compared with total loans by chartered banks (excluding day-to-day loans, call loans and short loans) is indicated by the following:

| | Foreign Currency Loans to Canadian Residents | Total Can. $ Loans | Foreign Currency Deposits from Canadian Residents |
|---|---|---|---|
| Dec. 31/76 | $3,151 | $52,431 | $ 6,683 |
| Dec. 31/77 | $4,190 | $57,875 | $ 7,390 |
| Dec. 31/78 | $6,871 | $64,894 | $11,395 |

Source: Bank of Canada Review, February, 1979 Schedules 5 and 6.

At a time when the Bank of Canada is endeavouring to strengthen the Canadian dollar by maintaining high interest rates, it is not surprising that there has been an increase in the amount of foreign currency deposits. A country with a stable political system and a strong banking system will continue to attract foreign currency deposits at rates which are competitive internationally.

As has been noted earlier in this report, the proposed reduction in the rates of the primary reserve requirement is based on the reserves being admittedly higher than necessary. The implementation of this new 3% reserve on foreign currency deposits used domestically is, therefore, not needed for either fiscal purposes or monetary control. This was noted by Mr. W. A. Kennett, Inspector General of Banks, when he appeared before your Committee on November 15, 1978. At that time he also admitted that this proposed reserve would put the Canadian banks to some extent in a non-competitive position with respect to foreign currency lending and that this proposal required further study as follows: (Committee Proceedings, November 15, 1978, pages 4:55 and 4:56)

"First, the purpose of the implementation of the introduction of this new reserve was not simply to raise new money for the federal government. That was not the purpose. It has that effect. We have discussed that. But its purpose was to equalize the treatment of deposits in Canadian banks, so that foreign currency deposits used in Canada would be reservable in the same way that Canadian deposits are reservable. So there would be no incentive to switch—"

"... The second aspect of it is that if what the banks have said is true, is accurate—I will come back to that question—then Canadian banks would be in an uncompetitive position relative to foreign banks in competing for foreign currency lending business in Canada; in which case they would lose that business, in which case the reserve would not be collected, the business would not be there. So that in fact the government would not realize the $180 million in reserves that we were talking about."

"... The other point that I should mention is that the position of the chartered banks on this question has led us to

begin ourselves to reconsider this situation. I think we are now sympathetic to the argument that this will impair their competitive position. Looking at it from the officials' point of view, and the work that was done earlier, we felt that the impact of withholding taxes, of reserves on deposits in other countries, would help to offset the lack of competitiveness that might be induced by this reserve. I think we have been convinced that that is not fully so. So we now agree, in a sense, with the bankers that there is some competitive disability here that we are introducing. So the question does need some more thought."

When appearing before your Committee on January 24, 1979, Mr. Gerald K. Bouey, Governor of the Bank of Canada commented as follows on the proposed 3% reserve on foreign currency deposits used domestically: (Committee Proceedings Jan. 24, 1979 18:21)

"My interest in the matter really relates to the deposits booked in Canada. If you have a situation, as we have now, where there is a cash reserve requirement against Canadian dollar deposits, that will obviously cost the banks something and it does affect the rates they can pay on those deposits. When you have no non-interest-bearing cash requirement against foreign currency deposits, then the banks are able to offer a higher rate than they otherwise would have done.

It seems very strange to me that we would put Canadian dollar deposits at a disadvantage in this country as against foreign currency deposits. In fact, other things being equal, Canadians would be able to earn more money on their foreign currency deposits simply because they are denominated in foreign currency. Particularly at a time when I was worried about the Canadian dollar, that seemed to be somewhat strange. So I have been interested in equalizing that situation, putting them on the same basis. The 3 per cent against foreign currency deposits would then be the same as 3 per cent against Canadian dollar time deposits."

"I think the problem may have arisen in the way that it was phrased, namely, "deposits for use in Canada," which then of course might include deposits booked outside the country where the banks are in competition with foreign banks. I would not want to see that happen and that is where I would agree it needs to be looked at. But I think there must be a way of equalizing the situation within Canada for deposits booked in one currency or the other."

". . . If you go down to your bank in Ottawa and ask them to open a U.S. dollar account for you, they will do that. They will not have to keep non-interest bearing cash reserves against your Canadian dollar deposit account. It is that inequality that I am anxious to see eliminated. I think that can be done."

"I believe that the provisions as presently worded are based on the concept of funds for use in Canada. Some of the funds for use in Canada may come from depositors outside Canada and in that situation we do not want to put our banks at a disadvantage against foreign banks."

Your Committee recommends, in any event, that the Bank Act should exempt from the reserve requirement (a) foreign currency deposits which are loaned to federal, provincial and municipal governments in order to equalize competition from foreign banks and (b) foreign currency deposits where the loan agreement calls for not more than 25% to be repaid in the first five years and (c) foreign currency term deposits of one year and over which are not encashable.

YOUR COMMITTEE RECOMMENDS THAT SECTION 204 OF BILL C-15 BE AMENDED IN SUCH A MANNER THAT FOREIGN CURRENCY DEPOSITS USED DOMESTICALLY ARE NOT SUBJECT TO EITHER THE PRIMARY RESERVE REQUIREMENTS IN SUBSECTION 204(1)(*g*) OR THE SECONDARY RESERVE REQUIREMENTS OF SUBSECTION 204(7).

IN THE EVENT THAT SUCH DEPOSITS ARE NOT EXEMPTED FROM RESERVE REQUIREMENTS, YOUR COMMITTEE RECOMMENDS THAT THE FOLLOWINGS TYPES OF DEPOSITS BE EXEMPTED FROM THE RESERVE REQUIREMENTS:

(a) FOREIGN CURRENCY DEPOSITS BOOKED IN CANADA FROM NON-RESIDENTS WHICH ARE USED DOMESTICALLY;

(b) FOREIGN CURRENCY DEPOSITS WITH AN ORIGINAL TERM IN EXCESS OF ONE YEAR WHICH ARE NOT ENCASHABLE, WHETHER USED DOMESTICALY OR NOT:

(c) FUNDS ADVANCED IN FOREIGN CURRENCY TO THE FEDERAL, PROVINCIAL AND MUNICIPAL GOVERNMENTS, AND

(d) FUNDS ADVANCED IN FOREIGN CURRENCY WHERE THE LOAN AGREEMENT CALLS FOR NOT MORE THAN 25% TO BE REPAID IN THE FIRST FIVE YEARS.

(iv) *Exemption for term deposits*

Subsection 204(8)(*d*) of the Bill proposes to exempt from reserve requirements Canadian currency deposits from residents of Canada with an original term to maturity of one year or more if such deposits are not encashable; also exempted would be encashable Canadian currency deposits from residents of Canada that are not encashable until after one year from the date of issue.

Your Committee examined the proposed exemption for term deposits in connection with its study of the White Paper. It is noted that the latter part of the subsection (which would exclude deposits which are not encashable until one year from the date of issue) was not included in the White Paper proposals.

Your Committee referred to this matter on pages 14 and 15 of its report on the White Paper as follows:

"The White Paper proposals concerning the primary cash reserves required by chartered banks under the Bank Act appear to relieve banks from maintaining reserves on time

deposits having an original term to maturity in excess of one year that are not encashable on demand.

"There is a body of opinion that banks have been able to hold on to their market share in one-year-plus deposits, despite offering lower interest rates than the near-banks; this is probably due to their relative accessibility and safety.(*)

"If banks have held on to their share of this term deposit flow while offering a lower interest rate than the near-banks, one can easily project that their share of the market will greatly increase if they can offer the same rates as trust companies and mortgage loan companies.

"The same writer predicts that by 1987, banks will have increased their share of the consumer loan market from 58.3 per cent in 1976 to 80 per cent, and their share of the mortgage loan market in Canada from 21% in 1976 also to 80 per cent by 1987.

"A reduction of the reserve requirement on term deposits from 4% to 3% as suggested by your Committee in addition to the present 5% secondary reserve requirement would result in a decrease of the rate differential disadvantage for banks from approximately 50 to 55 basis points (0.05%) at present to approximately 40 basis points (0.4%). This differential should still provide a sufficient competitive edge for trust companies, caises and other near-banks to prevent a substantial disruption of their established market."

"In comparing the position of the trust companies and mortgage loan companies with the position of chartered banks it must be appreciated that trust and loan companies are limited in expansion of their deposit borrowings to between 20 and 25 times their capital base, whereas chartered banks have no such limitation. Also, many of the larger banks have their own subsidiary mortgage loan companies which are not required to put up interest-free cash reserves.

Naturally, mortgage loan companies owned or controlled by chartered banks are subject to the limitation of the above ratio of deposit borrowings to capital.

It is your Committee's opinion that the proven ability of trust and mortgage companies to channel a steady flow of 5 year term deposit funds into residential mortgages could be substantially hampered if banks were permitted to attract such term deposits without reserve requirements. The term market has been the trust and mortgage loan industry's chief source of funds for the mortgage market. The banks' rebuttal is that they would find it difficult to have any large proportion of their customers switch to term deposits without a call or encashable feature; however, in the opinion of your Committee the lifting of the 4% reserve requirement completely would probably permit the banks to attract a substantial share of the five year term deposit market away from the trust and mortgage loan companies on which the trust and mortgage companies depend.

It has been suggested by witnesses that this could restrict the supply of mortgage funds and might result in higher mortgage rates, if banks channelled a large part of these funds into commercial lending.

If the requirement for banks to maintain reserves on non-cashable deposits for a term over one year is lifted, banks would be able to compete with near-banks on an equal basis as far as rates are concerned. The branch system of the larger banks and their built-in banking-customer market would lead your Committee to conclude that the banks would increase substantially their share of the term deposit cash flow and of the mortgage loan market in Canada.

Your Committee is of the opinion that the complete removal of reserve requirements for chartered banks on term deposits over one year which are not encashable on demand could disturb the competitive position of trust and mortgage companies for term deposits to an extent sufficient not only to disrupt their flow of such funds into the residential mortgage market but might even seriously jeopardize the future existence of many institutions in this field."

Your Committee's recommendation at that time was as follows:

> "Your Committee is not in favour of the proposal to relieve banks of the requirements to maintain primary cash reserves against notice deposits of a term in excess of one year which are not encashable, unless there is some requirement for banks to match maturity of term deposits with mortgage loans in order to maintain an adequate flow of funds into residential mortgages up to the amount of the ceiling proposed in this report of 15% in respect of residential mortgages."

In connection with its study of the White Paper's proposal to relieve banks of the ceiling which limited residential mortgages to 10% of deposit liabilities and debentures, your Committee reported as follows on page 24 of its report:

> "In the interests of liquidity and of matching mortgages with the proceeds of term deposits or debentures of a comparable maturity, it would appear to your Committee advisable that some limit be placed on the amount of investments in mortgages at any one time in relation to total deposit and debenture liabilities; there should also be a reasonable matching of proceeds from term deposits with mortgages. This might have the effect of resolving to some extent the problem envisaged by the trust and mortgage companies that the removal of the 4% reserve on such non-callable term deposits would divert the normal flow of mortgage funds into commercial lending."

Your Committee heard from several witnesses and received several briefs which indicated very grave concern for the future of smaller trust and loan companies which, it is claimed, would find it difficult to continue in business if the term deposit business which they claim is their life-blood, was taken over by the banks.

*"Ottawa looks for Tighter Control" by André Marson, vice-president of Research Securities of Canada, Ltd., in the November-December 1976 issue of The Canadian Banker Vol. 83. No. 6, 1976—adapted from an article in the October 1976 issue of Le Banquier et Revue IBC.

The reduction of the primary reserve requirement from 4% to 3% of notice deposits, as recommended in your Committee's report on the White Paper, narrows the competitive edge, and in your Committee's opinion should, if the proposed exemptions for these term deposits were not proceeded with under the Bank Act, maintain reasonable stability in the industry, and also maintain sufficient competition for term deposits to provide the required flow of funds into the mortgage market.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT THE BANKS CONTINUE TO BE REQUIRED TO MAINTAIN PRIMARY RESERVES ON THE AMOUNT OF THEIR DEPOSIT LIABILITIES OF A TERM OF ONE YEAR AND OVER WHICH ARE NOT ENCASHABLE WHICH ARE PAYABLE IN CANADIAN CURRENCY, AS REQUIRED BY THE PRESENT BANK ACT, AND THAT BILL C-15 BE AMENDED BY THE ELIMINATION OF THE EXEMPTION PROVIDED IN SECTION 204(8)(d) OF THE BILL.

(v) *Reduction in the Primary Reserve Requirement of 1% on the First 500 Million of Canadian Dollars Notice Deposits*

Subsections 204(1)(e) and (f) require banks to maintain a primary reserve of 2% of its total notice deposits plus an additional 1% of such deposits in excess of $500 million, i.e. a total of 2% in the amount of notice deposits on the first $500 million and 3% on the amount over $500 million.

This lower rate of 2% on the first $500 million of notice deposits would represent a reduction in reserves of $10 million per bank for the present chartered banks, or approximately $120 million in aggregate out of total combined primary reserves of approximately $6 billion.

Near-banks are not required to incorporate as banks under the new Bank Act nor are they required to become members of the Canadian Payments Association. Without taking either step the near-banks may enjoy the clearing house facilities to be operated by the Canadian Payments Association through an agreement with a member of that Association, including the necessary arrangements in respect of settlement balances. In such event, such near-banks which do not incorporate as a bank are not subject to the provisions of Part I of Bill C-15 and the requirement to provide reserves.

The idea of a lower rate on the first $500 million was first proposed in the White Paper in order to make it easier on the smaller new banks and new banks which might become members of the Canadian Payments Association. It will result in lower primary requirement reserve for the new banks.

Since this lower rate on the first $500 million will apply to all chartered banks, including the present chartered banks, this change appears to your Committee to be fair and reasonable and will be less onerous on new entrants into the Canadian banking system.

It would appear that the bank subsidiaries in Canada of foreign banks would be subject to the new primary rates proposed in Bill C-15 of 10% of demand deposits and 2% of notice deposits up to $500 million.

It might be noted that the 2% rate on the first $500 million of notice deposits comes into effect on the coming into force of the new Bank Act while the present 4% rate on notice deposits in excess of $500 million and the present 12% rate on demand deposits are phased-in to the proposed 3% rate and 10% rate respectively over a 4½ year period.

Your Committee approves the reduction in the primary reserve requirement on the first $500 million of Canadian currency notice deposits as proposed in Bill C-15.

(vi) *Exclusion of RRSP and RHOSP Deposits from Reserve Requirement*

Subsection 204(8)(a) proposes to exempt from primary and secondary reserve requirement deposits that are properly held under registered retirement savings plans (RRSP) and registered home ownership savings plans (RHOSP).

Although this proposed exemption was not discussed in the White Paper, it appears to your Committee that it is a reasonable exclusion. Deposits under those types of savings plans are not available to banks to lend to borrowers nor to invest in usual banking types of investments. These deposits are restricted in accordance with the terms of the pertinent trust or plan agreements. A reserve requirement would increase the cost of interest which would have to be absorbed by other lending or investment vehicles.

Your Committee approves the exemption proposed in subsection 204(8)(a) for RRSP and RHOSP deposits.

(vii) *Exclusion of Deposits from Other Banks for Purpose of Calculating Primary Reserve*

While inter-bank deposits within the Canadian banking system are "netted out" on an overall basis, the inclusion of the deposit liability balances owned by banks in a creditor position in the reserve calculation would result in a duplication.

It might be pointed out that the proposed Bank Act provides under sections 204(3) and (4) that "two banks may, with the approval of the Bank of Canada, enter into an agreement pursuant to which one such bank may maintain Canadian currency deposits in a reserve account with the other bank in lieu of any deposits that the depositing bank would otherwise be required to maintain with the Bank of Canada."

While the ultimate effect of this proposal of inter-bank deposits, or the extent it will be resorted to cannot be estimated or quantified at this time, the proposed change in the reserve requirements to permit the exclusion of this type of inter-bank deposit from the reserve calculation undoubtedly fits in with the new provision in subsections 204(3) and (4).

Your Committee approves the exclusion of inter-bank deposits within the Canadian Banking System from the calculation of the reserve requirements for banks.

(viii) *Payment of Interest on Primary Cash Reserve Subsection 204(1)*

In its report on the White Paper, your Committee recommended that the Bank of Canada pay interest to the Chartered Banks on the primary cash reserve (exclusive of the amount of cash required for clearing settlement purposes). This recommendation, which reads as follows, has not been given effect to in Part I of Bill C-15:

> "As a result of its studies your Committee is of the opinion that the Bank of Canada should pay interest on the deposits with the Bank of Canada provided by the chartered banks under the statutory primary cash reserve requirement, exclusive of the amount of cash required for clearing settlement purposes and subject to a deduction for the expenses in connection with the handling of such reserve and the investment thereof."

Appearing before your Committee on January 24, 1979, Mr. Gerald K. Bouey, Governor of the Bank of Canada made the following observations concerning the questions of payment of interest on reserves:

> "**Mr. Bouey:** I do not think it is possible to establish clearly that the banks are entitled to have the cash reserve requirements at no higher than such-and-such an amount. As I mentioned earlier, it is a very arbitrary business, depending on a lot of things. I can give you a very lengthy answer on that, if you want me to. I do not feel that the banks are in some way being deprived of something as a result of the cash reserve requirements being where they are now. It does look as though it is possible to reduce them further, and if Parliament chooses to do so, that is fine, but I think the sensible thing to do is to bring about such a reduction on a gradual basis. I would not want to argue that the banks should be paid interest on the full amount in the meantime, any more than I would argue that they should be paid interest for all those years when reserve requirements were higher."
>
> (Committee Proceedings, Jan. 24, 1979 page 18:15)
>
> "**Mr. Bouey:** I think the question of payment of interest on reserves is very much like the question of reducing the required level of reserves. I suppose I would feel that there is not much point in paying interest. If you feel the banks are holding more non-interest bearing reserves than we would like them to hold, then why not reduce the requirement?"
>
> (Committee Proceedings, Jan. 24, 1979 page 18:17)

The question of the phasing-in of the reduced reserve requirement proposed by Part I of Bill C-15 has been discussed earlier in this report.

Your Committee continues to be of the opinion that interest should be paid by the Bank of Canada on the total amount of the primary cash reserves (exclusive of the amount of cash required for clearing settlement purposes and subject to a reduction for expenses in connection with the handling of such reserves and the investment thereof.)

Your Committee's reasons for this opinion include the following:

(a) The payment of interest on primary cash reserves would not be detrimental to monetary policy.

(b) The payment of interest on primary cash reserves would attract more near-banks into the sphere of the banking system and tend to counteract the building of a two-tier banking system.

(c) The payment of interest on the primary cash reserve would tend to nullify the advantage which foreign banks presently have over Canadian banks because the former are not required to put up non-interest bearing reserves for their Canadian operations which are required of Canadian banks under the Bank Act.

(d) In your Committee's study of recent developments in the banking systems in other countries, your Committee notes that a special advisory Committee of bankers formed by the Federal Reserve Bank of New York, to study the "Problem of Membership" recommended that the direct payment of interest on reserve balances appeared to hold the best potential for eliminating the reserve burden which has been causing a decrease in membership by banks in the Federal Reserve System and "the erosion of the percentage of deposits in the banking system subject to the reserve requirements set by the central bank and therefore in the portion of money supply under the direct control of the monetary authority." Your Committee is of the opinion that the conclusion expressed above is relevant to the subject of payment interest on the primary cash reserve of Canadian chartered banks. Furthermore, it would promote the objective stated in the White Paper of encouraging foreign banks to form a foreign bank subsidiary under the new Bank Act.

In the course of its studies and hearings, your Committee received no information which would tend to change its opinion and the principle of paying interest on the cash reserves appears to remain sound.

Both the Inspector General of Banks and the Governor of the Bank of Canada, when appearing before your Committee, indicated that the practicality of the cash flow fiscal requirements of the federal government had to take precedence over the principle of paying interest on the cash reserves and that the proposed reduction in the reserve requirement is the preferable alternative to paying interest on the primary cash reserves.

Your Committee has concluded that the fiscal imperatives of the government make the implementation of this principle inadvisable during this decennial review of the Bank Act. Therefore, your Committee has no recommendation to make in this matter at this time.

## DIVISION I

## PART I—*THE BANK ACT*

### 3. ENTRY INTO BANKING

(i) *Method of Incorporation of New Banks and Form of Review*

Under the present legislation new banks are incorporated by Act of Parliament. The White Paper outlined the Government's intention to enact legislation to permit incorporation of new banks by Letters Patent. The White Paper philosophy is carried forward into the Bill in Subs. 7(2) which contemplates the incorporation of new banks by Letters Patent, the same to be issued at the sole discretion of the Minister with approval of the Governor in Council. For domestic applicants no suitability criteria are set out in the Bill, although the situation is significantly different for foreign applicants.

In its report on the White Paper your Committee approved the concept of incorporation by Letters Patent but recommended that there be established an appropriate committee or other tribunal charged with the responsibility of conducting a public review of applications for incorporation of banks so that interested parties would have an opportunity to appear and make representations. This recommendation was based on your Committee's feeling that it was not in the public interest that the present public review associated with incorporation by Act of Parliament be discarded and that some form of modified substitute therefor be developed. This aspect of your recommendation has not been accepted by the Government, and the only review contemplated is that of the Governor in Council.

The subject of public review was dealt with in evidence before your Committee. The Canadian Bankers' Association in its brief in response to the present Bill subscribed to the view that there ought to be a public form of review but questioned whether the Inspector General would have the time to perform this function or whether the function was consistent with his office. Witnesses representing the Canadian Bankers' Association touched on the subject during your Committee's hearings. The first point made was that there should be some discretion as to whether a public hearing is necessary in every case of an application for incorporation of a new bank. Further there was concern expressed as to whether or not a mandatory public review would be seen by foreign entrants as an impediment to incorporation, rising to the level of lack of reciprocity as between its domestic legislation and Canadian legislation. Alternatives to a full public review were said to include a full and meaningful publication of the Ministerial recommendation, together with full disclosure of the reasoning underlying the recommendation so that the public can be fully informed as to the rationale for a particular course of action.

Your Committee has considered all of these representations and remains of the view that a vehicle for public review continues to be necessary and desirable in all cases. Your Committee is further of the view that should an application for Letters Patent be refused or should the applicant prefer, the applicant should have the option of proceeding for incorporation by Act of Parliament and thereby subject itself to the public review procedures inherent therein. Your Committee's recommendation therefore is that a public review should be conducted where the application is for Letters Patent of incorporation, the same to be by an appropriate tribunal or official such as the Inspector General of Banks or by Parliamentary Committee where the method of incorporation is by Act of Parliament. In the former case the public review ought to take place prior to approval of the application for Letters Patent of incorporation by the Governor in Council.

RECOMMENDATION

YOUR COMMITTEE RECOMMENDS THAT THE PROVISIONS OF THE BILL CONTEMPLATING INCORPORATION OF BANKS BY LETTERS PATENT BE ACCEPTED SUBJECT TO PROVIDING THAT THE APPLICANT MAY ELECT TO PROCEED BY ACT OF PARLIAMENT EVEN IF AN APPLICATION FOR LETTERS PATENT HAS BEEN REFUSED, AND SUBJECT TO THE REQUIREMENT THAT THERE BE ESTABLISHED SOME APPROPRIATE COMMITTEE OR OTHER TRIBUNAL, OR THE INSPECTOR GENERAL OF BANKS, CHARGED WITH THE RESPONSIBILITY OF CONDUCTING A PUBLIC REVIEW OF APPLICATIONS FOR INCORPORATION OF BANKS BY LETTERS PATENT SO THAT INTERESTED PARTIES WILL HAVE AN OPPORTUNITY TO APPEAR AND MAKE REPRESENTATIONS IN ALL CASES SUCH PUBLIC REVIEW SHOULD TAKE PLACE PRIOR TO THE APPROVAL OF THE GOVERNOR IN COUNCIL AS CONTEMPLATED BY CLAUSE 7(2) OF THE BILL.

(ii) *Ownership of Bank Shares by Provincial Governments*

Under the present legislation Governments are prohibited from owning capital stock in Chartered Banks. The White Paper proposed that this prohibition be removed and that Provincial Governments be allowed to hold and vote capital stock of chartered banks up to 25% of the shares of a new bank with such shareholdings being reduced to 10% within ten years.

In its report on the White Paper your Committee expressed its opposition to this proposal. Based on representations made to it at the time of its review of the White Paper it concluded that it is neither necessary nor advisable specifically for Provincial Governments to acquire voting stock in return for financial assistance and further that the credit policy of the Bank might be influenced or weakened by the presence of Government.

The Government has not accepted the recommendation of your Committee in this connection. Section 114 of the Bill contemplates that in respect of a bank incorporated on or after the 1st of Jaunuary 1968, it may issue shares or register transfers of shares to a Provincial Government or Agent thereof but only subject to the prior approval of the Governor

in Council and only to the extent of 25% of the total number of shares of a particular class. The Bill further provides that the privilege of issuing such shares to Governments shall continue for only five years after the coming into force of the Act or incorporation of the Bank whichever period is longer. The Bill contemplates, as did the White Paper, a gradual reduction in such 25% shareholding to 10% over a period of ten years.

A number of witnesses appearing before your Committee commented on this provision and its desirability from the standpoint of the public interest. It was quite obvious that the criticisms advanced against the provisions of the Bill were essentially the same as those advanced earlier, namely that it is not in the public interest that Governments become involved in promotion or ownership of Banks. Since your Committee's report on the White Paper the Fraser Institute has issued a study booklet entitled "Provincial Government Banks" which comments on this whole subject. In particular, and dealing with the federal position as outlined in the White Paper, the following observations appear at page 106:

> "An unattractive feature of the federal proposal from the general public point of view is that quasi-Government Banks are likely to encounter greater difficulties with conflict of interest and associated uncertainties on what the guiding principals of its policy should be—profit maximization or the government's social and economic policies. If under the new proposal provincial governments initially subscribe to the maximum of 25% of a new bank's shares, effective control of the organization will likely be in the Government's hands. Other shareholders as individuals or "acting in concert are limited to owning the maximum of 10% of bank shares . . . In the partial ownership case, the status of the bank becomes uncertain. The rate of return offered to shareholders would presumably have to be competitive with that available on private bank shares, but the threat exists that the rate of return would be lower and the risk higher if the Government uses its voting power to influence bank policies in the directions deemed politically desirable by the Government. The problem of conflicts of interest is likely to become much more severe in cases where a Provincial Government does not have clear control of the Bank. Where does the responsibility of management lie—with the private or Government shareholders? Uncertainty over partial Government ownership could act to subvert the intent of the federal proposal since potential private investors are likely to be apprehensive over the possible deleterious effect of Government influence on the new bank's performance."

Representatives of the Northland Bank appeared before your Committee and gave qualified support to the provisions in the Bill. Northland's position, as a relatively new bank, is that Government participation is a valuable instrument in establishing credibility in foreign markets. Further, the Northland Bank has a vested interest in the preservation of these clauses in the Bill because 10% of the shares of that Bank are presently being held in trust for the Governments of the Province of Manitoba and Saskatchewan pending passage of the new Bank Act.

Considering all of these representations your Committee remains of the view that it is not in the public interest that Governments become involved in the ownership of banks in a private banking system. Nothing has been said that would persuade your Committee that its recommendation made in response to the White Paper was misconceived and in fact what has been said reinforces your Committee with respect to its earlier views.

RECOMMENDATION

THAT THE PROVISIONS OF THE BILL PERMITTING OWNERSHIP OF BANK SHARES BY PROVINCIAL GOVERNMENTS BE AMENDED TO PROHIBIT OWNERSHIP OF SUCH SHARES BY PROVINCIAL GOVERNMENTS.

(iii) *Limit on the Holding of Bank Shares by Cooperative Corporations*

The present Bank Act prohibits any one individual or corporation from owning more than 10% of the voting stock of a bank. A similar provision exists in the Quebec Savings Banks Act. The White Paper proposed that for the purposes of the 10 per cent limit, centrals, federations, or regional unions be deemed to be associated with their member credit unions or caisses populaires and their combined holdings of shares in any bank were to be limited to no more than 25%.

Bill C-15 extends from ten per cent to twenty-five per cent the limit of the aggregate shareholdings in a bank which may be held and voted by "associated" cooperative corporations. However, it has been pointed out that the proposed legislation (Subs. 110(4)) would prevent the registration of a transfer of shares of a bank "if such transaction would cause the total number of shares of that class held by all cooperative corporations to exceed twenty-five per cent of the total number of issued and outstanding shares of that class." This would result in a cooperative corporation, central, regional or local, in Manitoba, for example, being deemed to be associated with a federation, regional or local caisses populaire in the Province of Quebec for the purpose of the proposed twenty-five per cent limit on shareholdings in a bank.

Your Committee received representations concerning this matter from the Fédération de Québec des Caisses Populaires Desjardins and from the Canadian Cooperative Credit Society Limited. Your Committee is inclined to agree with the statements made by these important organizations that it is somewhat illogical to deem to be associated with each other, for the purpose of a limit on shareholdings in a bank, individual, local caisses, regional unions or federations within a province, and then to extend the deemed association aspect even further by treating all cooperative corporations across Canada as being associated with each other.

It is possible that any group of corporations with adequate resources, in order to gain control of a bank, could act in

concert to try to acquire in aggregate more than the limit of ten per cent of the shares of a bank that may be held by one party. This could happen with a grouping of companies in the same industry or in different industries. However, your Committee is of the opinion that too much emphasis has been placed in the Act on defining the deemed association aspect as regards cooperative corporations and not enough attention given to the matter of what proportion of the voting shares ought to constitute control of a bank.

Your Committee is not alone in its opinion that the ownership of twenty-five per cent of the voting shares of a public corporation is generally considered to be a controlling interest or to place the owner at least in a position to have a very strong position in forming the policy of the company.

To a less knowledgeable observer one central or federation might appear to be legally or effectively associated with other centrals or federations from an administrative or policy-making viewpoint. However, such appearance of association should not per se be a reason

> "to presume them to be 'associated' in a grand entity which does not exist."*

This would also mean under the definition of "cooperative corporation" in Subsection 109(1) a "local cooperative credit society" as defined ("a cooperative credit society the membership of which is wholly or substantially comprised of natural persons") could not hold and vote a share of a bank if a central or federation of local or regional credit unions which are completely unrelated and unassociated, such as a federation under the jurisdiction of another province, had already reached the twenty-five per cent limit proposed in Bill C-15.

The provisions of Bill C-15 which prevent a director or officer of a local credit union (which might have as a member another local credit union), from being a director of a bank represent a further illustration of rather strained reasoning in the same general area. These provisions would effectively eliminate from eligibility for bank directorship almost every individual who is an officer of a local credit union. This subject is dealt with in greater detail later in this report.

Your Committee is of the opinion that a ten per cent limit on shareholdings of a bank by any central or federation acting independently is a reasonable limit to prevent control of any one such group.

In its report on the White Paper, your Committee observed as follows:

> "Your Committee is of the opinion that the strength of the credit unions and caisses populaires acting in concert through their respective centrals or regionals has grown to a point where the acquisition by them of a 10% or more voting interest in a chartered bank or a savings bank could result in a conflict of interest and in loss of independence of the bank or savings bank. In the opinion of your Committee there is a possible risk that the direction in which the bank should be operated could be influenced in the interest of such type of associated group acting in concert. The proposal in the White Paper would permit the control of a bank or savings bank to be accomplished without difficulty."

Your Committee is inclined to agree with some of the representations made to it by witnesses to the effect that in some areas of Canada a new bank can be assisted financially in its early stages of development by initial equity capital participation, within limits, by cooperatives.

In a brief to this Committee by the Northland Bank it was stated that the majority of the bank is owned by cooperatives including an aggregate twenty-five per cent held by credit union centrals.

Your Committee does not take issue with the method of financing a new bank in its early stages. However it is clear that without adequate restrictions, unrelated or related, associated or deemed associated, centrals, federations and other groups could, by agreement, obtain voting control of banks, whether large or small.

Your Committee is still of the opinion, for the reasons given in its report on the White Paper, that the shareholdings by associated cooperative bodies in a bank should be limited to ten per cent from the point of view of maintaining a proper degree of independence of the bank's management. However, in cases where there is significant benefit to the economy of a particular district your Committee agrees that in the development stage of a bank this limit of ten per cent might be permitted to be increased, subject to adequate controls, to twenty-five per cent. This should, in your committee's opinion, be permitted only for a new bank, and for a limited period of time.

Your Committee is of the opinion that the interests of any associated cooperative corporations in a bank should be limited to ten per cent in aggregate after ten years and by all cooperative corporations whether associated or not, should be limited to twenty-five per cent of the bank's voting shares after ten years.

RECOMMENDATIONS:

(1) THE LEGISLATION SHOULD BE AMENDED TO PROVIDE THAT FOR THE PURPOSE OF THE LIMIT ON THE HOLDING OF THE SHARES OF A BANK, LOCAL COOPERATIVE CREDIT SOCIETIES OR LOCAL CREDIT UNIONS WHICH ARE LINKED TO OR ARE MEMBERS OF, DIRECTLY OR INDIRECTLY, REGIONAL, CENTRALS OR FEDERATIONS UNDER THE SAME PROVINCIAL JURISDICTION SHOULD BE DEEMED TO BE ASSOCIATED.

(2) THE PROPORTION OF THE VOTING SHARES OF A BANK WHICH MAY BE HELD AND VOTED BY ANY GROUP OF COOPERATIVE CORPORATIONS

*Brief submitted by the Fédération de Québec des Caisses Populaires Desjardins, September 1978.

WHICH ARE SO DEEMED TO BE ASSOCIATED SHOULD BE LIMITED IN AGGREGATE TO TEN PER CENT; HOWEVER, IN THE CASE OF NEW BANKS THIS LIMIT SHOULD BE EXTENDABLE FOR A PERIOD NOT EXCEEDING TEN YEARS TO A LIMIT OF TWENTY-FIVE PER CENT.

4. BUSINESS POWERS OF BANKS

(i) *Financial Leasing of Equipment*

The present Bank Act does not permit banks specifically to engage in financial leasing, although banks in Canada have conducted leasing operations through partly owned subsidiary companies. Financial leasing has also been carried on in Canada through affiliates and subsidiaries of foreign banks.

Your Committee in its report on the White Paper agreed with the proposals to permit banks to engage in financial leasing. However, the White Paper proposed that such leasing operations would have to be carried on as a division, department or part of the bank's banking operations, and that a separate subsidiary company could not be used by banks to carry on financial leasing operations.

Your Committee's recommendations on the White Paper proposals were as follows:

> "1. Your Committee recommends the approval of the White Paper proposal to permit banks specifically to engage in financial leasing of equipment on a non-operating full payout basis.
>
> 2. Your Committee recommends that, in financial leases negotiated by banks, the dependence on a residual value of the equipment should be limited to 10% of the acquisition cost and not 20% as proposed in the White Paper.
>
> 3. Your Committee recommends that banks which engage in approved financial leasing operations be permitted to conduct same through separate wholly-owned subsidiary companies."

The proposed legislation, including the proposed draft regulations, follows the general scheme proposed in the White Paper.

Subs. 172(1)(i) states:

> "A bank may engage in and carry on such business generally as appertains to the business of banking and, without limiting the generality of the foregoing may . . . subject to regulations made pursuant to subsection 307(1) for the purposes of this paragraph, engage in financial leasing and in the course thereof acquire, at the request of a specific lessee for leasing by him, hold and lease moveable and personal property whether or not such property becomes affixed to immovable or real property."

The main thrust of the draft Financial Leasing Regulations which circumscribe the type of financial lease into which a bank may enter might be summarized as follows:

a) The substantial purpose of leasing is to extend credit to the lessee; i.e. the financial equivalent of credit;

b) the property must be selected by the lessee;

c) the financial lease shall be on a non-operating basis; i.e. the bank will not be responsible for repairs and maintenance of the property;

d) the estimated residual value of property subject to a financial lease by a bank shall not be greater than 20 per cent of the cost of acquisition by the bank, and the aggregate of estimated residual values of properties shall not exceed 10 per cent of the acquisition cost of those properties;

e) the lease shall provide that the bank is compensated for not less than the full investment of the bank in the leased property (cost less estimated residual value).

Your Committee received a number of briefs and heard witnesses with respect to the proposed financial leasing powers of banks.

The main points about which questions were raised were as follows:

a) Should banks be permitted to engage in the financial leasing of passenger automobiles and on-road truck vehicles

—on an individual unit basis?

—on a fleet basis?

b) Should banks be permitted or required to operate their financial leasing operations through partly owned or wholly-owned subsidiary companies?

In order to assess the importance of the growth of leasing in Canada and the extent to which financial leasing has become an accepted part of banking operations in other countries, the following extract from an article entitled "Equipment Leasing in Canada" prepared by the Equipment Lessors Association of Canada might be useful:

> "The leasing of capital equipment became a major economic factor shortly after the end of World War II in the United States of America. Its early use was in connection with computers, office machines and automotive equipment including communications, copying and mailing machinery. Despite the obvious advantages in the leasing of such equipment, the expansion of leasing to cover assets such as aircraft and railway rolling stock, construction and materials handling equipment, hotels, restaurants and retail stores, medical and health services, pulp and paper machinery, etc. was relatively slower. The bulk of businessmen at that time believed that, as a general rule, assets used in business should be owned by the business.
>
> "However, competition through improved productivity forced industries to replace existing assets with more modern equipment at a faster and faster rate. The big obstacle of increasing replacement of assets was of course the cost of replacement. Thus the attraction of spreading payments over a predictable period and paying for those costs out of operating income became increasingly attractive. Budgeting became more meticulous and financial techniques more sophisticated. With periodic credit squeezes, firms often had to look at alternative forms of financing their capital purchases.

"One reason for the growth of leasing was the recognition of the effects of the capital cost allowance system on both the lessor and the lessee. Capital cost allowances on the purchase of new equipment made it worthwhile for a company earning substantial profits to enter the business of leasing or to form a leasing division. Capital cost allowances generated could be set off against the tax due on other income, making it possible to offer attractive terms to lessees.

"In the early 1960's a number of sales finance companies and holding companies began leasing operations. Chartered banks took advantage of the openings provided by making substantial investments in joint ventures with other chartered banks or with merchant banks of other countries. Furthermore, established independent lessors from the U.S. and Britain also expanded operations by setting up subsidiaries in Canada. At one time, too, a number of trust companies and investment houses were involved in leverage leasing. Currently there are four basic forms of lessors: the independent lessor, sales finance companies, Canadian bank affiliates and branch operations of foreign banks.

"With leasing a relative newcomer in Canada, there have been few statistics to measure the extent and growth of leasing. Only recently have the industry and government had an accurate measure of the scope and parameters of the industry. A survey conducted by the industry covering the five-year period to the end of 1972 revealed an astonishing 56 per cent compound growth rate, highlighting the ten year period between 1962 and 1972. A recently completed survey conducted by the federal government disclosed that at the end of 1973 $1,043 million of lease receivables were held by reporting lessors, an increase of 49.9 per cent from the 1972 level of $696 million. This would indicate that investment by lessors in new capital assets in 1973 represented approximately 2 per cent of the total investment of all Canadian business in new capital equipment during that year. Furthermore, since corresponding U.S. figures indicate that approximately 7 per cent of all American capital assets were purchased by lessors in the same year indications are excellent that the Canadian leasing market will continue to experience strong growth in the future. Current estimates of the market size in Canada indicate that lease receivables grew to $1.4 billion in 1974 and should grow to $2.3 billion by 1979. The surveying question was specifically designed to eliminate information relating to equipment rentals, real estate leases and automobile leases not considered relevant to equipment leasing. Consequently, results exclude information of well-known leasing companies such as IBM, Xerox, Hertz, etc."

The following schedule indicates the important position held by U.K. banks in the leasing field.

U.K. LEASING MARKET PERFORMANCE 1977*

Top Ten Companies

| | Market Performance Statistics | | |
|---|---|---|---|
| COMPANY | Gross Lease Portfolio at original cost $M | Net Book Value of Leased Assets $M | New Business $M |
| Barclays Bank | 637 | 337 | 77 |
| National Westminster Bank | 564 | 327 | 210 |
| Midland Bank | 489 | 305 | 178 |
| Finance for Industry | 307 | 130 | 70 |
| Lloyds Bank | 300 | 222 | 99 |
| Lloyds & Scottish Group | 224 | 103 | 35 |
| Bank of Scotland | 211 | 129 | 65 |
| National & Commercial Group | 209 | 150 | 81 |
| Bowring Group | 188 | 83 | 44 |
| Standard & Chartered Banks | 146 | 106 | 49 |
| Top Ten Total | | | 908 |
| Equipment Leasing Assoc. Total | | | 1,178 |

*Source: Midland Montagu Leasing Limited—September 1978

The experience of banks entering the leasing field in the United States are summarized by the following extracts from a presentation by S.L. Eichenfield, Sr. Vice-President, Notes Receivable/Leasing Division of Walter G. Heller & Co.*

"National banks in the United States aggressively entered the leasing business as a result of a 1966 ruling by the Comptroller of the Currency:

"In general, the regulations provide that national banks can engage in leasing so long as the leasing activity is incidental to the traditional financial services provided by banks. Banks can engage in full payout leasing only; can look, minimally, to the residual; and cannot provide any services not normally found in banking practice. In other words, banks cannot provide insurance, maintenance, etc., but can merely enter into transactions tantamount to loans in which they will recoup their investment plus profit over the original term of the lease. U.S. banks are prohibited from engaging in non-payment leasing activities or in full service automobile leasing activities."

Your Committee as a result of its studies has concluded that the granting of specific powers to Canadian banks to engage in financial leasing would permit them to provide competitive services in a field of finance which has become generally accepted in other countries, including United States and U.K. as a normal function of banking. This particularly applies to "large-ticket" equipment leasing.

* The Role and Future of Independent Lessors in the U.S.A." paper presented to the Equipment Lessors Association of Canada, September 22, 1978.



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The main problem to be resolved would appear to be to what extent, if any, banks should be permitted to engage in the leasing of passenger automobiles and on-road truck vehicles.

The Canadian Bankers' Association when appearing before your Committee, indicated that with a 20 per cent residual value limitation there would be no way that banks could practically engage in individual unit "one-to-one" automobile leasing. The banks, however, do believe that they can provide competitive services in the fleet leasing field and still permit the automobile dealers and independents in the automobile leasing field to remain competitively strong in their own important field which is composed of some 2800 new vehicle dealers who sell approximately 80% of the new motor vehicles sold annually in Canada and who employ in excess of 100,000 people.*

Your Committee is particularly impressed with the important contribution which the automobile dealers in the leasing field and independent lessors make to the economy of Canada, not only in providing the much needed services normally attributed to their operations and to their contribution to employment, but also perhaps just as important the services they perform in proper maintenance and repair of vehicles to permit them to remain in service for a longer period than otherwise would be the case.

Your Committee found the following submission by FADA* to be valuable:

> "Our distribution and servicing system has allowed Canadians to travel (and transport people and goods) on the basis of a comparably low cost relationship to other items in our economy—and absolutely on a historical basis if one takes into account inflation and the purchasing power of our citizens. A key part of this system that has developed is the vehicle dealer—not only is the vehicle dealer the primary source of distribution of vehicles either through selling or leasing—he is primarily responsible for the servicing of those vehicles even after the manufacturer's warranty period is over. This servicing facility is extremely vital when it is appreciated that there has been a significant trend toward self-service gasoline stations which have tended to eliminate the service facilities to the automobile driving public (both on a per gasoline stop basis and on a regular periodic maintenance and tune-up basis). All this is happening at a time when there is another trend towards automobile owners keeping their vehicles for longer and longer periods of time, thereby emphasizing the necessity for regular periodic servicing in the latter functional years of an automobile. As well, the automobile dealer provides an outlet to owners of vehicles to trade in their vehicles, and the existence of this market is of benefit not only to those wishing to dispose of such vehicles but also to those wishing to acquire such vehicles.
>
> "As indicated earlier, as vehicles become more and more costly because of improvements in safety features, gasoline economy and performance, we expect that an increasing number of such vehicles (both absolutely and as a percentage of the market) will be leased. A vehicle dealership must balance its viability on a reasonable level of profit over an extended period of time. These profits come from two general areas: the distribution of the vehicle (either by way of sale or leasing) and, secondly, from the servicing of those vehicles. If the distribution side of the vehicle dealership business is decreased by the banks invading this field in leasing, then the dealership business as a whole will suffer and its ability to provide the high level of service required to the vehicle owning public will be significantly affected. The banks will not provide the service required. To attract capital into the service side of the business (and this is an on going matter), the higher and higher rates will have to be charged to the great detriment of the public. We are therefore fearful that certain elements of that public, because of economic constraints, will not obtain proper servicing for their vehicles, thereby creating a safety hazard for all members of the public, as well as decreasing the efficiency of vehicles on the road, thereby increasing petroleum consumption.
>
> "The members of our Federation and industry play an important role in our economy, both with respect to providing services and products for the general public and with respect to being significant employers of Canadian labour."

Having considered the various aspects of the problem as presented to it, your Committee believes that the proposed legislation and regulations should be tightened to make it clear that banks should not be permitted to engage in the business of one-to-one leasing of individual unit passenger automobiles and on-road truck vehicles, but that banks should be permitted to offer and engage in fleet leasing of autos and trucks provided that if there is a residual value, of not more than 20% built into a fleet lease, then such residual value must be supported by a third party purchase agreement or guarantee at the time that the lease is completed. This would in the opinion of your Committee, permit meaningful competition from the banks, to provide an effective equivalent of credit, and also prevent the banking community from engaging in the marketing of fleets of automobiles at the end lease periods in order to recover the residual value.

Representations have also been made to your Committee that banks should be permitted to engage in financial leasing through partly-owned or wholly-owned subsidiary companies. Indeed, it was submitted that there is more danger of conflict of interest when a bank is carrying on a business through a bank department than from investment in Canadian corporations on a controlled basis and that the use of subsidiaries would present a more accurate breakdown of bank operations.

* Submission of the Federation of the Automobile Dealers Association of Canada, November 21, 1978

It is also apparent from your Committee's studies that the following arguments tend to favour the conduct of financial leasing by banks through separate subsidiary companies:

(a) better ability to attract proper trained personnel;

(b) the provision of separate and clear reporting of the leasing operations;

(c) since competitors in the leasing field are required to maintain separate corporations subject to provincial jurisdiction and to match debt against income, requirements for debt/equity ratio etc., competitors are put at a disadvantage compared with banks;

(d) a conflict would arise if a bank had the power to prevent its client (a leasing company) from writing certain types of leases and when the same restrictions did not apply to the leasing department of the bank.

RECOMMENDATIONS:

YOUR COMMITTEE RECOMMENDS:

(1) THAT SUBSECTION 172(1)(i) OF BILL C-15 AND THE FINANCIAL LEASING REGULATIONS BE AMENDED IN SUCH A MANNER AS TO PROHIBIT BANKS FROM ENTERING THE BUSINESS OF LEASING OF PASSENGER AUTOMOBILES AND ON-ROAD TRUCK VEHICLES, EXCEPT FOR FLEET OR WHOLESALE LEASING WHERE THE AGGREGATE COST OF THE FLEET OF VEHICLES BEING LEASED IN ANY PARTICULAR LEASE IS $100,000 OR MORE, SUBJECT TO INDEXING OF THIS AMOUNT FOR FUTURE CHANGES IN THE VALUE OF MONEY.

(2) THAT SUBSECTION 192(5) BE AMENDED TO PERMIT A BANK TO CONDUCT ITS FINANCIAL LEASING OPERATIONS THROUGH A WHOLLY OWNED SUBSIDIARY.

(3) THAT THE FINANCIAL LEASING REGULATIONS BE AMENDED IN THE FOLLOWING RESPECTS:

a) THAT THE REGULATIONS BE AMENDED TO PERMIT A BANK TO LEASE EQUIPMENT WHICH COMES INTO THE POSSESSION OF THE BANK THROUGH DEFAULT IN A LOAN TRANSACTION OR EQUIPMENT WHICH HAD BEEN ACQUIRED ORIGINALLY FOR THE BANK'S OWN USE AND SUBSEQUENTLY BECAME SURPLUS.

b) THAT THE REGULATIONS BE AMENDED TO PROVIDE FOR BASING A PART OF THE RETURN OF A BANK ON AN UNCONDITIONAL GUARANTEE FROM A THIRD PARTY OF TERMINAL PURCHASE IN ORDER TO INSURE RECAPTURE OF RESIDUAL VALUE.

c) THAT THE REGULATIONS BE AMENDED TO EXTEND THE TWO-YEAR LIMITATION OF DISPOSAL OF REPOSSESSED EQUIPMENT; ALSO BANKS SHOULD BE PERMITTED TO RE-LEASE PROPERTY COVERED BY AN EXPIRED EQUIPMENT LEASE EITHER TO THE ORIGINAL LESSEE OR TO ANY OTHER PARTY.

(ii) *Factoring*

The new legislation would permit banks specifically to engage in factoring operations. This is in line with the White Paper proposal which your Committee recommended for approval.

As was the case during its study of the White Paper, your Committee received representations that banks should be allowed to conduct their factoring operations through a separate subsidiary company.

Some of the reasons given for the preference for factoring through a separate subsidiary included the following:

(a) the nature of the operations and the volume of paper work do not lend themselves to being carried on by regular banking staff working in the same bank premises;

(b) adequate trained personnel in this field can be attracted, retained and remunerated more suitably in a separate subsidiary company;

(c) the special risk factors involved in factoring can be overseen and controlled most effectively in a separate organization;

(d) the potential for conflicts of interests is minimized in a separate entity.

The brief submitted by the Hamilton Group Limited also covers some aspects of the conduct of factoring operations which bear on this point.*

> "To ensure that the activities of banks are subject to the provisions of the Bank Act and to avoid conflicts of interest—the intended dual aims of conducting leasing and similar activities through the bank rather than through subsidiaries—we recommend that the Bank Act should strictly limit the business of each restricted bank's subsidiary as if the subsidiary were part of the bank. In recommending that leasing and factoring be carried on through restricted subsidiaries, we do not propose to restrict the ability of a bank to lease and factor through its branch system nor do we propose that the new legislation continue the present capitalization limits on bank subsidiaries, provided that controls were placed on their operation."

It has also been submitted to your Committee that banks should be permitted to own up to a 100% interest in a Canadian subsidiary carrying out factoring operations; this would permit joint investment in a factoring subsidiary together with other companies and individuals who have developed the particular expertise know-how and reputation in the field.

As noted in your Committee's report on the White Paper:

> "Some banks have engaged in factoring through partly-owned affiliated factoring companies, although factoring

* Brief submitted by the Hamilton Group Limited re Bill C-57, The Banks and Banking Law Revision Act, 1978—December 15, 1978

has not been permitted specifically to banks under the Bank Act.

"Foreign banks have been operating in factoring in Canada through non-banking subsidiaries and affiliates.

"In the opinion of your Committee it seems appropriate to permit Canadian banks to engage in factoring, either directly or through a subsidiary, because it is now considered in most countries to be a normal banking service. Your Committee received no objections to this proposal."

It is obvious that there is a complete absence of resistance from the public and competing financial institutions to the extension of the banks business powers into the factoring field. There would appear to be no doubt that factoring is indeed a mode of credit granting which is entirely compatible with traditional banking operations. The only issue which sparked any debate before your Committee related to the manner in which such operations should be carried out by the banking community.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED SO AS TO PERMIT A BANK TO CONDUCT ITS FACTORING OPERATIONS THROUGH A WHOLLY OWNED SUBSIDIARY COMPANY.

(iii) *Data Processing*

Clause 172(1)(*k*) would authorize a bank, under its business powers and as part of the "business of banking" to provide banking related data processing services to the extent that regulations pursuant to the Act permit. This clause of the Bill is intended to replace and expand Section 75 of the present Act which does not refer specifically to the provision of banking related data processing services amongst the listed business powers of banks. The scope of entitlement under the present legislation of the rights of a bank to provide data processing services to its customers has recently been reviewed in the Queens Bench Division of the Supreme Court of Manitoba in the case of CENTRAL COMPUTER SERVICES LTD. et al vs. TORONTO-DOMINION BANK (Judgment December 15, 1978 unreported). In this case the Court held, that where, under Section 75, a particular service is not listed as a specific business power of a bank, the onus is on the bank to establish that the service it is providing constitutes a business generally as "appertains to the business of banking." Two of the services offered by the Bank were a computer payroll service wherein the bank determines appropriate deductions, makes calculations, pays the deductions to those entitled and sends a cheque to each employee or deposits the net amount to the employee's account. The Court held that these two computerized services offered by the Bank, of a multitude of other such services, did not constitute, in the circumstances therein set out, "the business of banking". It was stated that such a computerized service is legitimately part of the business of banking unless it is a service being offered to non-customers, in which circumstances the banks would be engaged in a business unrelated to its business of banking.

The second type of service which was objected to by the Plaintiffs was a fully integrated computer assisted accounting service which calculated and recorded accounts receivable, sales and product analysis, accounts payable, job costing, general ledger, and preparation of profit and loss statements and balance sheets. The Court observed with respect to this service as follows:

"The Bank attempted to justify the Compucount services as ones necessary to customers, particularly those borrowing from the bank. It was argued that it is important for the bank to know the financial health of a borrowing customer. I conclude that the service is one that the bank certainly enjoys for its own purposes as a lender, but the bank's only other reason for offering this service is to sell the service as part of a profit making venture. I heard no evidence from the witnesses called by the bank that the "doing of books" for customers was a traditional banking service, or that they understood such an activity to be a "business of banking". The evidence was more to the effect that such activity was beneficial and should be a service available at a bank. With respect to Compucount I have no difficulty in concluding that the bank is offering accounting services. This service does not, in my opinion, pertain to the business of banking referred to in Section 75(1) but is the engaging in a trade or business in contravention of Section 75(2)(b)."

The entry of the banking community into the data processing service industry was outlined at length in the White Paper. Your Committee at that time heard evidence from interested parties on the subject, principally members of the banking community who objected to the White Paper proposal to restrict banks to providing data processing services directly related to the making of payments, that is, banking related data processing services. The principal objection of the data processing service industry was characterized as relating to tied selling. It was the view of the banking community that this concern ought to be more properly left to the Combines Investigation Act rather than incorporating it in the form of a restriction in the banking legislation. Your Committee accepted that view and its recommendation was that the restriction in the White Paper concerning the limitation of banks to providing data processing services directly related to the making of payments not be approved by reason of the fact that sufficient protection to the public is available through the vehicle of the Combines Investigation Act.

During its study of the present Bill your Committee considered representations again from the banking community and somewhat more detailed and exhaustive representations from the data processing service industry particularly from the Canadian Association of Data Processing Service Organizations (CADAPSO). That body provided the Committee with a brief not only directed to the provisions of the Bill, but also directed to its concerns with respect to the language of the

draft Regulations developed pursuant to the provisions of Subs. 172(1)(*k*) of the Bill.

The position of the bankers in response to the Bill is direct and placed on a broad framework. The banking community is of the view that it would be an excessive degree of regulation to deprive banks of the right to provide any data processing services "reasonably related to the financial needs of their customers." The data processing industry on the other hand takes a contrary view saying that the provisions of Clause 172(1)(k) are even less satisfactory than what was contemplated by the White Paper in terms of the limitations that they impose upon banks, and that in any event the Regulations are permissive in terms of particular types of data processing services which they regard as representing offensive and significant in-roads by the banks into the provision of data processing services unrelated to traditional banking services.

In the first place dealing with the provisions of the Bill, CADAPSO asserts that the banks should be limited in their entitlement to provide data processing services for a variety of reasons. They urge that the presence of the banks outside the conventional banking function in this field will produce cross-subsidization leading to predatory pricing or loss leader activities. They further argue that such conduct will lead to tied sales as was urged during your Committee's consideration of the White Paper. They further argue that the expansion of the activities of the banks into this area is likely to lead to conflicts of interest, which would not be in the public interest, arising out of the data process service industry's requirement to do its financing through chartered banks which would be in direct competition with them in respect of the provision of data processing services. The same sort of conflict of interest is seen by CADAPSO arising out of the relationship between the banks provision to a customer of conventional banking related services and data processing services which would give the bank an insider position from the standpoint of business activities of its customers.

Finally the data processing service industry takes the position that it is not in the best interests of the customer of a bank to have its choice of banker influenced by its dependence on any one bank's data processing facilities.

As earlier indicated the industry asserts that the provisions of the Bill differ in subtle but important ways from the proposals outlined in the White Paper. In its brief CADAPSO indicated as follows:

> "In CADAPSO's view, consistent with the White Paper, it is necessary to restrict the power of the banks in relation to data processing services to the precise offerings to be permitted. It has always been difficult to ascertain the limits of the power conferred on the bank by paragraph 75(1)(e) of the present Bank Act . . . that uncertainty would be continued under Bill C-57 if the banks were permitted to offer the types of data processing services which may be specified in the Regulations and were also permitted to enjoy, in relation to such services and other data processing services, the potentially wide scope of the general power. Accordingly CADAPSO submits that the powers of banks to offer data processing services be stated to be a limitation and not an expansion of the general power."

It is the view of your Committee that the real nub of the data processing industry's concern arises out of the uncertainty as to the precise regulations that will be passed from time to time which might well have the effect of expanding the powers of the banks to engage in the provision of data processing services in circumstances in which the private data processing service industry would have no opportunity to object. It is by reason of the peculiar nature of regulations that CADAPSO is led to the suggestion that the specific limitations in terms of permissible defined services should be included in the language of the Statute itself. In the opinion of your Committee this is not practicable. So long as there is a decenniel review of the Bank Act, and further so long as the data processing service industry and banking services continue to expand at the rapid rate which they have heretofore, it would be unduly restrictive and unworkable to have precise species of data processing services enshrined in the Statute for a period of ten years.

The alternative is one that your Committee has urged from time to time, namely that regulations should not be approved by Order-in-Council until interested members of the public have an opportunity to comment thereupon. The precise method of accomplishing this will be for the Government to select but your Committee is of the view that consideration should be given to the procedure set out in Bill S-7* which requires the tabling of Orders-in-Council within a prescribed number of days and which has the effect of restoring to Parliament the ultimate authority for effecting substantive change in legislation whether through the vehicle of regulations or the exercise of ministerial discretion.

Subject to this proviso with respect to the method of enacting regulations your Committee has carefully considered all of the evidence, has reviewed its deliberations on the occasion of its consideration of the White Paper and has concluded that there is some justification and cause for concern on the part of the data processing service industry when it is faced with a desire on the part of the banks to provide any data processing services reasonably related to the financial needs of their customers. This definition of types of services the banks ought to be permitted to provide is of course much broader than so-called "banking services" because new computer or data processing services provided by the banks not theretofore provided could not be caught in the ambit of "banking related services" until a pattern of providing such services had been established.

In the circumstances your Committee is of the view that the language of the Bill should be retained notwithstanding the objections of the banking community, and that the provision by the banks of data processing services should be limited to

*(An Act to Implement Conventions between Canada and the Republic of Korea etc.)

banking related data processing services as defined from time to time in the regulations.

Turning now to the Regulations, extensive oral submissions were made during your Committee's hearings with respect to the specific language chosen and its propriety in the light of the proposed definition of the power set out in Section 172.

Dealing with some of the objections advanced by the data processing industry, the first is under Regulation 3(1)(*d*) which would permit a bank to provide data processing services to a client which is an employer involving the preparation of the client's payroll by certain specified steps. CADAPSO objects to the inclusion of Regulation 3(1)(*d*)(vi) which reads

> "the preparation of summary reports of the distribution of labour and salary costs into agreed upon classifications, and also the preparation of comparison reports provided that such comparisons are limited to similar data of the client for previous time periods."

This sort of provision represents the threshold of real criticism on the part of CADAPSO. It implicitly acknowledges that the banking community has been involved in the computerized preparation of client's payrolls up to now, but defines the sort of service contemplated by subparagraph (vi) as not being an ordinary payroll service but rather a cost analysis which has traditionally been provided by the data processing industry. In short the industry asserts that this permissive provision would enable the banks to launch into a consultant's role through data processing which would be outside the present scope of banking related activities.

The second major criticism of the regulation relates to Regulation 4 which provides that in addition to the services that may be provided to clients under Regulation 3, the services outlined in Regulation 4 may be provided to "financial institutions" as defined in the regulations to include the Canadian Payments Association, trust or loan companies, financial corporations and any other institutions that accept from the public deposits which are transferrable by order. Your Committee's interpretation of the industry's position is that the specific services therein referred to would not be objectionable if they were rendered to a member of the Canadian Payments Association but it is felt by the industry that the other categories of institutions to whom the banks, under these Regulations would be permitted to provide such services, is too broad.

Notwithstanding the submissions of CADAPSO your Committee is of the view that so long as the banks are entitled to provide a data processing service which results in an assembly of first generation information it would constitute a serious economic burden on the public to then prohibit the banks from using such first generation information to produce summaries and comparisons thereof required by their customers. Otherwise the customers would be required to secure such summaries or comparisons elsewhere at significant attendant duplication of cost. Accordingly your Committee is of the opinion that the Regulations should include a provision along the lines of Regulation 3(1)(*d*)(vi).

Insofar as CADAPSO's objection to the provisions of Clause 4 are concerned your Committee is of the view that their concerns are to a degree justified. In your Committee's view the definition of "financial institution" in the regulations should be limited to those institutions which accept from the public deposits transferrable by order. Insofar as the categories of services are concerned as outlined in Regulation 4 they should be limited to services incidental to the payments system. This rationale would eliminate general ledger accounting service as a permissable category of service.

RECOMMENDATIONS:

YOUR COMMITTEE RECOMMENDS:

1. THAT REGULATION 2 OF THE DATA PROCESSING REGULATIONS BE AMENDED TO LIMIT THE DEFINITION OF "FINANCIAL INSTITUTION" TO INSTITUTIONS THAT ACCEPT FROM THE PUBLIC DEPOSITS WHICH ARE TRANSFERRABLE BY ORDER FOR THE PURPOSES OF THE PROVISION BY BANKS OF THE DATA PROCESSING SERVICES OUTLINED IN REGULATION 4.

2. THAT REGULATION 4 OF THE DATA PROCESSING REGULATIONS BE AMENDED TO DELETE FROM THE CATEGORIES OF PERMISSABLE SERVICES THEREIN SET OUT ITEM (e) "GENERAL LEDGER ACCOUNTING SERVICES."

5. LOANS AND SECURITY

(i) *Residential Mortgage Lending*

Under the present Bank Act banks are authorized to lend money on the security of immovable property, both commercial properties and residential properties; the total principal amount outstanding in a bank's portfolio of residential mortgages including NHA mortgages is limited to ten per cent of the bank's deposit liabilities and debentures.

The White Paper proposed that the 10 per cent limit be removed and this has been given effect to in Bill C-15. In its report on the White Paper, your Committee recommended that the 10 per cent limit not be removed but that the limit be increased from 10 per cent to 15 per cent.

The following review might be helpful in appraising the situation regarding the position of chartered banks in the mortgage field.

The White Paper stated at page 32:

> "While some of the larger banks are approaching the 10 per cent ceiling, conventional residential mortgages held by the banks as a group at the end of 1975 amounted to only 5.8% of the total Canadian dollar liabilities and debentures."
>
> "As there continues to be a growing need for residential mortgage funds, particularly for small and medium sized homes, it is desirable that banks not be constrained by arbitrary limits."

Your Committee's observations on this subject in its report on the White Paper included the following:

In the interests of liquidity and of matching mortgages with the proceeds of term deposits or debentures of a comparable maturity, it would appear to your Committee advisable that some limit be placed on the amount of investments in mortgages at any one time in relation to total deposit and debenture liabilities; there should also be a reasonable matching of proceeds from term deposits with mortgages. This might have the effect of resolving to some extent the problem envisaged by the trust and mortgage companies that the removal of the 4% reserve on such non-callable term deposits would divert the normal flow of mortgage funds into commercial lending. This subject was dealt with earlier in this report under "Reserves on Term Deposits" in Sec. III(f).

Some criticism was expressed to your Committee of the fact that the banks as a group were not providing their fair share of the funds for residential mortgages, and although permitted to expand their mortgage portfolios up to 10% of their deposit liabilities and debentures, no one bank in particular had yet reached the 10% limit. It has been suggested that some provision should stipulate that banks should be required to allocate a minimum of 10% of their deposits and debentures to the residential mortgage market. This procedure perhaps would indicate a positive social role for the banks.

Your Committee is of the opinion that from a liquidity point of view there should be some limit on the percentage of a bank's deposit liabilities which might be invested in residential mortgages, and suggests that, rather than taking off the 10% limit completely, an increase to 15% would be reasonable until the next decennial review of the Bank Act.

The rationale for the adoption of the 10% ceiling in 1967 was apparently to restrict the impact of new competition which would be provided by banks entering the mortgage market. Indications are, however, that the trust and mortgage loan companies, caisses populaires and the credit unions more than held their own in competition with the banks. While chartered banks' share of the mortgage market rose from 3.7 to 11.3 per cent from 1967 to the end of 1974, the combined share of the trust and loan companies and of the credit unions also rose—from 24.6 per cent in 1967 to 35.6 per cent by the end of 1974. (Source: Economic Council—Efficiency and Regulation, 1976—page 83).

While the chartered banks as a group have increased their mortgage holdings to 5.8% of their deposits, it appears reasonable to raise the 10% limit because at least three of the banks are approaching their 10% limit and it would not seem equitable under existing conditions to restrict the competition from the banks which have been the most aggressive in providing mortgage funds.

An increase in the limit from 10% to 15% should provide adequate room for growth. Your Committee, however, is of the opinion that some restriction is necessary in order to provide for control over liquidity, and if there is no limit, such as 15%, that there should be a requirement for a reasonable matching of maturities of the proceeds from term deposits with investment in mortgage loans.*

The following extract from the study prepared by the Economic Council in 1976 provided some support to the White Paper proposals:

> "Chartered banks are subject to the limitation that their conventional residential mortgage holdings are no more than 10 per cent of the sum of deposit liabilities payable in Canadian currency and outstanding debentures. This portfolio ceiling is an example of a regulation whose rationale has altered over the years. Originally, self-liquidating loans were considered to be the appropriate business for chartered banks. They were expected to lend only when repayment would be forthcoming over a short period of time, so as to maintain a balance between the maturity of bank assets and liabilities. The first movement away from this principle, with respect to mortgages, occurred with the Bank Act revision of 1954 which permitted chartered banks to hold mortgages issued under the National Housing Act. These loans were insured by Central Mortgage and Housing Corporation. In 1967, the remaining restrictions on residential mortgage lending were eased further. The banks were then permitted to hold up to 4 per cent of their total deposits in *conventional* mortgages, with the ceiling rising at 1 per cent per year until it reached 10 per cent at the end of 1973. As Chart 7-1 indicates, chartered bank mortgages have been well below the ceiling. At the end of 1974, the banks as a group had used half the capacity permitted them under the constraint. Individual banks have used these mortgage lending powers in different ways and to different degrees. Some have channeled their mortgage lending through subsidiary mortgage loan companies, so that only a fraction of their mortgage holdings show up on their balance sheets. Others are considerably closer to the mortgage ceiling than the banking system as a whole. At the end of 1974, three banks were within two percentage points of their current mortgage ceilings. Thus, while a fairly large unused capacity for mortgage lending exists among banks as a whole, the present ceiling may force certain banks to curtail the rate at which they acquire mortgages and may soon restrict them from further mortgage lending, *unless they are prepared to establish a mortgage-holding company.*
>
> "The rationale for adopting the present ceiling on mortgage holdings was that it would ease the impact on competitors of bank entry into the mortgage market. But one might ask whether the entry of chartered banks created substantial problems for the institutions tied to the mortgage market, particularly the trust and the mortgage loan companies. The volume of mortgages held by deposit institutions more than doubled over the period from 1967 to the end of 1974. While the chartered banks'

* (Report of the Standing Senate Committee on Banking, Trade and Commerce Relating to the Subject Matter of the White Paper on the Revision of Canadian Banking Legislation, June 1977)

share of the mortgage market rose from 3.7 to 11.3 per cent over this period the combined share of the trust and loan companies and of the credit unions also rose from 24.6 per cent in 1967 to 35.6 per cent by the end of 1974. Data on the rates of return earned by major trust and loan companies during this time suggest that, while the average margin between the return earned on assets and the interest paid on borrowing narrowed over the period, the rate of return on the equity of trust and mortgage loan companies increased as the result of increased debt/equity ratios. From this evidence, we do not believe that the entry of chartered banks jeopardized the viability of other institutions in the mortgage market. On the contrary, entry of the banks eased the problem of financing the unprecedented growth in demand for mortgage credit.

Such rapid growth in demand cannot be forecast for the next ten to fifteen years in the mortgage market, given the unexpected slowdown in population growth, especially among the age groups that buy houses. However, we do not regard this slackening growth of the mortgage market as sufficient grounds for continuing to restrict bank participation in the financing of conventional mortgages."*

It should be added that the Economic Council's recommendation in the above study was that the present limitations on holdings of conventional mortgages by banks be removed.

For the reasons given in the excerpt from its report above your Committee recommended that the limit be established at 15 per cent rather than opening it up completely.

Appearing before your Committee on December 12, 1978 the Inspector General of Banks, Mr. W. A. Kennett commented on this aspect of the problem as follows: (Committee Proceedings 16:22)

**Mr. Kennett:** Mr. Chairman, I guess the basic reason for the policy that was established in the banking legislation was that there did not seem to be a serious threat—there did not seem to be a very great likelihood that the banks, in view of 10 years of history, with the 10 per cent limitation, would move into this area and divert substantial resources into the mortgage lending area. On the other hand, the other consideration was that in certain instances of small banks getting started—that was the other point I was making—they would appreciate having greater flexibility. It may be that the flexibility of 15 per cent is enough.

Mr. Kennett's comment was followed by this observation by the Honourable Senator John Connolly:

**Senator Connolly (Ottawa West):** Could I do it a little more softly, perhaps, by putting it this way. I think our basic recommendation of increasing the quota from 10 per cent to 15 per cent, was based on the fact that by the end of 1975 the banks had only invested 5.8 per cent of their liabilities in conventional mortgages. I guess the ceiling did not inhibit them in developing that branch of their business. I do not know what the rate is at the moment. Perhaps it has advanced. Some of the larger banks have apparently approached the 10 per cent figure. But if the 15 per cent figure, or another appropriate figure, were adopted it might mitigate the problem that perhaps does exist. On the basis of the evidence that we have had here, it does exist for the trust and loan companies.

Your Committee has made some studies of the growth of the amount of outstanding conventional mortgages held by banks compared with the growth of bank's deposits and debentures. This comparison is shown on Appendix A to this report. It indicates that from December 31, 1973 banks' conventional residential mortgages have grown from $1,674 million outstanding to $4,590 million at December 31, 1977, a growth of $2,916 million in 4 years or by 174 per cent. However banks' deposits and debentures grew by 120.77 per cent in the same period, from $49,222 million to $89,978 million.

Appendix A also shows the annual amount of banks' conventional residential mortgages outstanding compared with the annual limit of 10% and the amount by which the aggregate amount of chartered banks' conventional residential mortgages outstanding at year end was below the 10 per cent limit. This indicates in fact that the margin of unused mortgage capacity of banks has grown each year for the last six years.

The following extract from this appendix illustrates this trend:

| | Amount of residential mortgages outstanding | Deposits and Debentures | 10% Limit | Excess Capacity |
|---|---|---|---|---|
| 1973 | $1,674 | $49,222 | $4,922 | $3,248 |
| 1974 | 2,707 | 59,577 | 5,958 | 3,251 |
| 1975 | 3,496 | 67,825 | 6,782 | 3,286 |
| 1976 | 3,802 | 77,942 | 7,794 | 3,992 |
| 1977 | 4,590 | 89,978 | 8,998 | 4,408 |

(Millions)

It would appear to your Committee, therefore, that there is room for growth of the aggregate amount of residential mortgage loans in the banking system. However, your Committee believes that an increased limit of 15 per cent would be reasonable taking into account the new banks which will be entering the system as well as permitting room for some of the smaller banks to work in this area with more scope, but on the other hand keeping a reasonable limit from a liquidity point of view. As has been pointed out earlier in this report, some of the chartered banks have been very close to reaching their individual 10 per cent ceiling and an increase of the limit from 10 per cent to 15 per cent combined with the normal, expected growth of deposits should permit a continued significant contribution by such banks in this area.

Concern was expressed by various witnesses about the large share of the mortgage market which banks have acquired since the 1967 decennial revision of the Bank Act and that further lifting of restrictions would make the competitive position of

* ("Efficiency and Regulation" a Study of Deposit Institutions issued by the Economic Council of Canada 1976).

trust and loan companies very vulnerable; in addition some witnesses were concerned about the liquidity of banks if they were given additional scope in the residential mortgage field and new powers to engage in leasing and factoring.

In this connection Mr. Robert M. MacIntosh, Chairman of the Bank Act Revision Committee of the Canadian Bankers' Association appearing before your Committee on November 30, 1978 addressed this question as follows: (Committee Proceedings 9:34)

> "The removal of the limitation on our mortgage holdings in the bill we believe to be in the public interest. To summarize in one sentence what we have said before, we believe that we have lowered rates, we have brought mortgage lending out to the hinterland of Canada, which was not done by the existing institutions. It served the public interest, and we therefore believe the removal of the 10 per cent limit is a good thing."

As has been pointed out earlier in this report, the aggregate growth of banks in the residential mortgage field has been very conservative for several years with reference to the two main indices,—namely (1) share of the market, (2) the limit of 10 per cent of deposits and debentures.

Your Committee has studied the analysis of the relative growth of various institutions in the residential mortgage market and has submitted as Appendices hereto various statistics.

In order to provide a reasonable assessment mortgages issued by Canada Mortgage and Housing Corporation have been shown separately on Appendix E, Schedule I; because of the extreme volatility of the market caused by CMHC from time to time, CMHC mortgages have been eliminated from Schedule II of Appendix E. This schedule shows the comparison of the proportion of the market shared by banks, trust and loan companies and others. In the six-year period from January 1, 1972 to December 31, 1977, there was practically no change whatsoever in the relative shares of the market as shown by the following summary:

| | Banks | Trust and Loan Companies | Other |
|---|---|---|---|
| December 31, 1972 | 30.33% | 55.27% | 14.60% |
| 1973 | 31.39% | 55.54% | 13.07% |
| 1974 | 31.96% | 56.43% | 11.61% |
| 1975 | 30.96% | 51.95% | 11.09% |
| 1976 | 27.55% | 57.11% | 15.34% |
| 1977 | 31.51% | 54.58% | 13.91% |

As a result of its studies it would appear to your Committee that the growth patterns and market shares (apart from the market share assumed from time to time by CMHC) have been parallel and indicate to your Committee no particular concern that the chartered banks have been acquiring a possible predatory position in the residential mortgage field.

The other concern which was expressed to your Committee in representations made by witnesses representing interested parties in the trust, mortgage, loan and finance company field, is that the removal of banks' primary cash reserve requirement on the amount of their one-year and over non-encashable term deposits would, in their opinion, severely jeopardize the existence of many companies in the trust and mortgage field.

After study and due consideration your Committee is of the opinion that the reduction of the primary reserve requirement from 4% to 3% has closed the competitive gap between the banks and the trust and loan companies in this area. This was in accordance with the recommendations of your Committee on the White Paper proposals.

As previously noted under the RESERVES section of this report, your Committee, in its White Paper report, recommended that the banks not be relieved from the requirement of maintaining reserves against notice deposit of a term in excess of one year which are not encashable.

Now that your Committee's recommendation for a reduction in the percentage of the reserve requirement from 4% to 3% apparently has been accepted, as indicated in the provisions of Bill C-15, your Committee has been able to review the situation in the light of representations presented by witnesses with respect to the other proposed amendments in Bill C-15.

In its brief on Bill C-15 the Association of Canadian Financial Corporations (ACFC) referred to the alternative recommendations made by your Committee on the White Paper Proposals—either require the banks to maintain the reserve on term deposits or to match the flow of such term deposit funds with mortgages. The ACFC's brief states in part:

> "The Report of your Committee's study of the White Paper calls for caution in regard to the investment of banks in residential mortgages. As you no doubt recall: The existing Bank Act limits the investment of each bank to ten per cent of the sum of its deposits and debentures; the White Paper recommended the removal of the limitation; your Report suggested two alternative types of limitation, namely:
>
> —a limitation of fifteen per cent, or
>
> —a matching of the mortgage portfolio by appropriate funding.
>
> "ACFC supports the position taken by your Committee with one important exception; we favour matching as the restraining method over an arbitrary 50 per cent rise in an already arbitrary ceiling on investments."

Your Committee has studied the comparative trends of the term deposits and mortgage loan activity of banks and has come to the conclusion that there has been in the past a reasonable matching of the flow of term deposit money by banks into their mortgage portfolio. This flow, of course, fluctuates from time to time depending upon the trend of interest rates offered by banks as indicated by the change in the Bank of Canada rate.



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In the course of its hearings, testimony was given to the effect that for the past few years and particularly at present there was a greater supply of mortgage funds available than could be absorbed by the demand. It would result in the unproductive use of funds if banks could not channel the available long term deposits in excess of mortgage requirements into other productive areas of demand.

Your Committee suggests that the question of controlling the supply of term deposit funds by banks into residential mortgage funds, if there is a problem in the future, could be covered more effectively under the Liquidity and Adequacy of Capital Regulations. This would be a reasonable method of creating the proper supervisory structure in this matter, keeping in mind the greater complexities faced by banks not only in adequately recording the depositing of the inward flow of funds but also endeavouring to manage the disposition of funds in the most effective manner possible within the constraint of liquidity, profitability and reserve requirements.

Bill C-15 provides the mechanics for the amalgamation of two banks and for the conversion of a financial institution into a bank. There are transitional provisions which would permit the phasing down of a bank's residential mortgage portfolio to the limit, if any, required by the Bank Act, as amended. Whether this problem has a bearing on the reasons for the elimination of the limit which a bank may have in residential mortgages is not easily determined. Your Committee suggests, however, that this possible problem of the phasing down of the ratio of mortgages to deposits and debentures should be considered in the regulations.

RECOMMENDATIONS:

(1) YOUR COMMITTEE RECOMMENDS THAT BILL C-15's COMPLETE REMOVAL OF THE LIMIT OF RESIDENTIAL MORTGAGES WHICH A BANK MAY HOLD BE REPLACED WITH A PROVISION INCREASING THE LIMIT FROM TEN PER CENT OF DEPOSITS, AND DEBENTURES TO FIFTEEN PER CENT.

(2) IF YOUR COMMITTEE'S RECOMMENDATION TO THE EFFECT THAT THE RESERVE ON TERM DEPOSITS ONE YEAR AND OVER WHICH ARE NOT ENCASHABLE BE MAINTAINED IS NOT ACCEPTED THEN YOUR COMMITTEE FURTHER RECOMMENDS THAT THE LIQUIDITY AND ADEQUACY OF CAPITAL REGULATIONS PROVIDE FOR MATCHING AS HEREIN DESCRIBED IF REQUIRED FROM TIME TO TIME.

(ii) *Security for Loans*

Section 177 of Bill C-15 is the equivalent of Section 88 of the present Bank Act. It provides the basis upon which banks may make loans to certain borrowers and the security that may be taken. Subsection 177(1)(a), (b) and (c) provide that loans may be made to certain classes of persons, including farmers, on the security of the products involved. Subparagraph (d) also provides for the extension of loans to farmers for sundry purchases upon the security of the purchase invoice.

Your Committee heard witnesses who were concerned that priority to the extent of $7,500 under the present Bank Act (which has been indexed by subsection 177(5)(b) (iv) of Bill C-15) is not enough. There is also concern with respect to the index provision under Section 177(5)(g)(iv) as to what might happen if the Index Number of farm prices were again adjusted to 100, as occurred in 1971.

Your Committee is of the opinion that these concerns are justified and that suitable amendment should be made to Bill C-15 in order to resolve them.

The Minister has suggested a proposed draft amendment which would add a new subsection 177(6) which would provide for the automatic changing of the $64 figure set out in Section 177(5)(g)(iv) in the event of a basic change to the Index during the period between revisions of the Act. Your Committee approves of this minor amendment and includes it in its recommendations.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED BY INCREASING THE MULTIPLIER OF $64 TO ARRIVE AT AN APPROPRIATE CONTEMPORARY PRESENT VALUE AS COMPARED WITH THE $7,500 LIMIT IN THE PRESENT ACT.

2. YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED IN LINE WITH THE MINISTERS DRAFT OF PROPOSED NEW SUBSECTION 177(6) TO PROVIDE FOR THE AUTOMATIC CHANGING OF THE $64 BASE SUGGESTED IN BILL C-15, (OR SUCH INCREASED AMOUNT AS MAY BE SETTLED UPON IN ACCORDANCE WITH RECOMMENDATION 2 ABOVE) IN THE EVENT OF A BASIC CHANGE TO THE INDEX BETWEEN REVISIONS OF THE ACT.

6. BANK DIRECTORS

There are a number of provisions in the Bill relating to the make-up of Boards of Directors of banks and the eligibility of bank directors to serve on the boards of other corporations, together with provisions relating to the duties and responsibilities of directors. In keeping with the philosophy underlying the provisions of The Canada Business Corporations Act the bill, apart altogether from its provisions relating to directors, contains innumerable provisions which are obviously an attempt, from the standpoint of corporate law to bring the Bank Act into line with the provisions of The Canada Business Corporations Act. Insofar as directors in particular are concerned, the Government has chosen to treat the banking community as a special case requiring more stringent provisions than are otherwise found in the Canada Business Corporations Act.

The White Paper did not direct itself to this subject and accordingly your Committee has not considered it in the present climate heretofore. The philosophical underpinnings for these proposed changes, differing as they do from the

provisions of the Canada Business Corporations Act, are elusive and difficult to crystallize. Nothing has been said in evidence before your Committee which would establish a framework upon which one might consider the desirability or otherwise of such changes. Accordingly one is left to speculate as to the reason for these restrictions. While it is true that the banking community is a powerful and pervading influence in Canadian commercial life, that fact alone, it seems to your Committee, is not a sufficient basis for restricting banks in terms of their internal management in ways which are otherwise not realistic.

Your Committee wishes to make recommendations with respect to three of the provisions in the Bill affecting the election or appointment of directors as follows:

(a) Subsections 35(1)(g) to (j) which have the effect of disqualifying certain classes of persons for election or appointment as directors of a bank;

(b) Subsection 35(5) which removes the requirement that eligibility for election or appointment as a director depends, inter alia, on the candidate holding shares of the bank; and

(c) Section 59 which prohibits, subject to certain exceptions, an officer or employee of the bank from serving as a director of another corporation.

The existing law relevant to this enquiry is to be found in Subs. 18(2) and 18(6) of The Bank Act. Subs. 18(2) provides that a person is not eligible to be elected or appointed a director of a bank unless he holds stock of the bank as the absolute sole owner thereof in connection with which certain minimum amounts of money have been paid up, such amounts varying depending on the capital stock of the bank. Subsection 18(6) of the Bank Act provides that a person is not eligible to be elected or appointed a director of a bank if he is a director of a bank to which the Quebec Savings Banks Act applies, or if he is a director of a trust company or a loan company to which the Trust Companies Act and the Loan Companies Act respectively apply. A person is also ineligible to be a director of a bank if he is a director of a company which controls more than ten per cent of the shares of a Quebec savings bank, a trust company or a loan company as above described. Finally subsection 18(7) prohibits a person from becoming a director of a bank if he or she is a director of a corporation, more than one-fifth of whose directors are also directors of the bank.

Subsections 35(5) to (j) of Bill C-15 excludes, in terms of eligibility for bank directorship, the following classes of person:

a) persons who are directors or officers of cooperative credit societies one or more members of which are other cooperative credit societies;

b) persons who are directors or officers of a corporation that is controlled by a cooperative credit society;

c) persons who are members of the Investment Dealers Association of Canada, or persons who are members of any Stock Exchange in Canada, or who are principals or directors in a corporation that is either a member of the Investment Dealers Association or of a stock exchange; and

d) persons who are directors or officers of Crown Corporations.

The Minister in his proposed draft amendments has altered the language of subsections 35(1)(g) and (h) to incorporate the proposed new "central cooperative credit society" and "federation of cooperative credit societies" terms which are themselves defined in the proposed draft amendments.

While there are other prohibitions which go beyond the existing provisions of the Bank Act, the prohibitions above recited are obviously those that are regarded as being most restrictive and offensive. The first point to note about these restrictions is that they do not find their counterpart in the Canada Business Corporations Act. So long as cooperative credit societies in one form or another are entitled to hold, even on an interim basis, significant interests in chartered banks, the prohibition against this class of director does not make sense. Representations were made to your Committee by the Northland Bank to the effect that if this provision in subparagraph (g) with respect to cooperative credit societies becomes law, a number of key directors of that new bank will be thereby disqualified from continuing as directors. It would appear to your Committee that so long as cooperative credit societies under any legislative scheme are entitled to own an equity interest in a bank, there should be on some appropriate basis, a limited entitlement for representatives of such institutions to sit on the board.

Similarly, with respect to investment dealers and members of stock exchanges, the conflict of interest that is presumably inherent in this prohibition is illusive. If there is, on any particular business occasion, a conflict of interest, the legislative scheme should contemplate directors caught in such conflict to disqualify themselves *pro tem* rather than having a blanket prohibition in anticipation that there might at some time in the future be some conflict of interest.

With respect to directors of Crown Corporations sitting as directors of banks, the corollary to this prohibition as pointed out by the Canadian Bankers' Association is that bank directors who have been invited by the Crown to sit on the boards of directors of Crown Corporations will be required to resign. Surely this is not in the public interest.

Subsection 35(5) of Bill C-15 would effectively repeal the provisions of Subs. 18(2) of the Act and would provide that a director of a bank is not required to hold any qualifying shares. This provision is unique in the Bank Bill and is not to be found in the Canada Business Corporations Act. It's philosophical foundation is unclear. If it is being suggested that in the past persons who particular banks thought would be appropriate to be directors have been frustrated by the requirement of holding qualifying shares, there is no evidence to this effect and in fact the conclusion would appear to be to the contrary. If it is being suggested that persons who felt themselves suited for directorship of a bank, or whom the public might regard as being suited for directorship of a bank, have been denied the opportunity by reason of constraints arising out of the qualifying share requirement, that is again

unsupported by any evidence. It is at the very root of traditional concepts of commercial and corporate law that those individuals responsible for the policy direction of a corporation should have a financial interest therein in the operations of the company. While it is quite possible that in many cases persons could function as directors just as effectively without owning qualifying shares, it surely is overkill to prohibit the imposition of a qualifying share requirement altogether.

Subsection 59(1) of the Bill prohibits officers or employees of banks, subject to certain exceptions, from serving on boards of directors of other corporations. This presumably is intended to avoid conflicts of interest or preferential treatment for corporations which are customers of the bank. No evidence has been presented in support of this theory. Again the provision is subject to the practical criticism that it would deny to the Canadian business community the extensive and valuable experience of bankers on their boards in aid of avoiding an occasion for a conflict of interest. Your Committee is of the view that except in situations in which conflicts of interest have been demonstrably uncontrollable the management of this phenomenon should be to impose on the individual an obligation of disqualification rather than disqualifying an entire class of persons.

Additionally, problems might well develop, to the prejudice of the business community, by the use of the expression "officer" or "employee". Surely what is intended is that employees of the bank may be prohibited from serving as directors of other corporations. If non-employees of the bank who happen to have the designation of an officer are so prohibited there would be a serious disruption in the availability of directors from the banking community to serve on the boards of directors of other corporations. While the public interest is what is to be served by this legislation there is simply no evidence before your Committee from either the banking or the business community which would militate in favour of maintaining this prohibition.

Finally, as has been pointed out correctly, the inclusion of an exception to this prohibition which would permit officers or employees of a bank to function as directors of a customer corporation where, implicity, the security of loans is threatened is surely inane. The election or appointment of such a director to the Board, of a customer corporation could be, correctly or incorrectly, a signal to the financial community that the bank was concerned about the security of its loans to the corporation, with devastating results. Furthermore it would be open to the suggestion that officers or employees of banks were in a position to insinuate themselves onto the boards of directors of unwilling corporations by reason of their financial condition at a given point in time.

As pointed out in the Report of the Royal Commission on Corporate Concentration it can be concluded that the public interest is not in fact adversely affected by the election or appointment of certain classes of persons to the boards of Canadian corporations notwithstanding theoretical objections to their suitability.

In the opinion of your Committee the proposed prohibition against officers and employees of banks serving on the boards of other corporations lacks substance and does not merit support.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THAT THE PROVISIONS OF SUBSECTIONS 35(1)(*g*) AND (*h*) BE AMENDED SO AS TO PERMIT THE CLASS OF PERSONS REFERRED TO THEREIN TO BE ELECTED OR APPOINTED A DIRECTOR OF A BANK SO LONG AS, PURSUANT TO THE PROVISIONS OF THE BANK ACT, THE INSTITUTION IN QUESTION, NAMELY A COOPERATIVE CREDIT SOCIETY, HAS AN EQUITY INTEREST IN THE BANK IN QUESTION WITH THE FURTHER PROVISO THAT THE NUMBER OF DIRECTORS OF THIS CLASS SHOULD BE LIMITED TO THE PROPORTION OF THE EQUITY INTEREST HELD BY THE COOPERATIVE CREDIT SOCIETY IN THE BANK.

2. YOUR COMMITTEE FURTHER RECOMMENDS THAT SUBSECTIONS 35(1)(*i*) AND (*j*) BE DELETED SO AS TO PERMIT PERSONS ASSOCIATED WITH THE INVESTMENT COMMUNITY AND OFFICERS AND DIRECTORS OF CROWN CORPORATIONS TO BE DIRECTORS OF A BANK.

3. YOUR COMMITTEE RECOMMENDS THAT THE PROVISIONS OF CLAUSE 35(5) RELATING TO THE PROHIBITION AGAINST REQUIRING QUALIFYING SHARES FOR BANK DIRECTORS BE DELETED AND THAT THE PRESENT PROVISIONS OF THE BANK ACT BE PERMITTED TO CONTINUE IN FORCE. ALTERNATIVELY, IT IS RECOMMENDED THAT THE PROVISIONS OF CLAUSE 35(5) BE DELETED AND THAT THERE BE SUBSTITUTED THEREFORE AUTHORITY ON THE PART OF THE BANK TO ENACT BYLAWS PROVIDING FOR QUALIFYING SHARES IN APPROPRIATE CIRCUMSTANCES AND WITHIN APPROPRIATE LIMITS.

4. YOUR COMMITTEE RECOMMENDS THAT SUBSECTION 59(1) OF BILL C-15 BE AMENDED SO AS TO PERMIT OFFICERS, DIRECTORS AND EMPLOYEES OF A BANK TO BE DIRECTORS OF OTHER CORPORATIONS.

7. INVESTMENTS

(i) *Ownership by Banks of Shares in Canadian Companies*

Sections 192, 193 and 194 of Bill C-15 outline the restrictions applying to ownership by banks of shares in non-financial corporations. These provisions follow generally the proposals in the White Paper.

The following extract from Notes on Bill C-15 prepared by the Department of Finance indicates the policy underlying the new legislation:

"Reflecting the traditional policy that banks should not engage in non-banking business, the present Bank Act places restrictions on the extent to which banks may invest in the shares of Canadian corporations. It established that in general such investments would be limited to 10 per cent of voting stock but, in order to permit innovative small investments, also authorized investments in the voting stock of corporations (other than deposit-accepting trust and loan companies) up to 50 per cent provided the investment did not exceed $5 million. The banks have in the current decennial period made considerable investments under this 50 per cent provision.

"In the absence of further constraints, the 50 per cent provision has not limited the higher equity investments to relatively small corporations and has not prevented a bank from dominating a corporation through investments in its preferred shares, through control of additional voting equity held by affiliates of the bank, or through reliance by the corporation on business promoted by the bank's branches. *This has resulted in a trend towards increasing bank involvement in non-banking business and toward bank services being increasingly provided through corporations controlled in these ways.*

"The basic policy objectives reflected in this division are that banks' operations should be confined within their own corporate structure, subject to all aspects of banking legislation and regulations, also accordingly that banks should not, except specifically authorized by the Bank Act, carry on activities in Canada or provide services to the public in Canada through wholly owned or partially owned affiliates. *Within this policy, banks are not permitted to own more than 10 per cent in the voting stock of a Canadian financial corporation (as defined) or of a non-financial corporation, other than in accordance with the exceptions set out in this division.*

"In the financial corporation category, exceptions are made in respect of bank service corporations, export development corporations, mortgage loan corporations, service corporations of various mortgage funds, and venture capital corporations. The exceptions in respect of the last three categories are subject to regulation by Governor in Council. Flexibility is provided to qualify existing corporations if the adjustments necessary to comply with the provisions of these sections and the regulations are made.

"Other existing investments by the banks in excess of 10 per cent in financial corporations which would not qualify under the five above categories are subject to grandfathering provisions prescribed by Governor in Council. Flexibility is provided to enable the banks to continue their support of the corporation on the basis of the proportion of equity capital presently held by the bank.

"Existing investments in excess of 10 per cent in non-financial corporations are required to be divested within a period of two years, unless a further period is approved by the Minister.

"*Banks will not be precluded from making innovative and joint venture investments on a temporary basis.*"

Most banks see no need for the prohibition against carrying out some approved operations, such as leasing and factoring, through separate subsidiary companies. Also they would prefer to be able to share the ownership of such companies with outside interests who can provide special expertise in the particular area and can share the risks involved.

In its report on the White Paper your Committee commented on this aspect as follows:

> "Your Committee is of the opinion that in some cases greater flexibility in concentrating specialized skills and improved efficiency can result by organizing and marketing in specialized areas through a separate wholly-owned subsidiary. Provided proper identification of the affiliation is made by the subsidiary so that the public is aware of the identity of the parent company, provided such subsidiary is subject to the provisions of the Bank Act, provided its liabilities are guaranteed by the parent company, and provided the subsidiary's figures are consolidated with those of its parent company for reserve and reporting purposes, your Committee is not aware of any compelling arguments in favour of this restriction."

Your Committee's recommendations in this respect are covered in detail in this report under the separate sections dealing with factoring and financial leasing.

(ii) *Venture Capital Corporations*

Subsection 192(6)(a)(ii) of Bill C-15 would permit, subject to the regulations, a bank to own all, and not less than all, of the issued and outstanding shares of a venture capital corporation, as defined in subsection 192(1).

The Bill and the supporting regulations follow the general proposals for banks' interests in venture capital corporations as outlined in the White Paper.

Your Committee was generally in favour of the White Paper proposals in this regard, but in its report concern was expressed that the disvestiture period might not be sufficiently long to permit disposal of mature investments, and a five-year divestiture period was recommended. This problem appears to have been managed in a reasonable manner in the Venture Capital Corporations Regulations in line with your Committee's White Paper recommendations.

For the purpose of limiting the amount of risk exposure and preserving the liquidity of a bank, the regulations impose three limits:

(a) the aggregate indebtedness for a venture capital corporation represented by bonds, debentures, notes or similar obligations shall not exceed twice the bank's shareholders' equity, (Regulations 2 (1)(a)),

(b) the total book value of a bank's investment in all venture capital corporations shall not exceed five per cent of the bank's shareholders' equity, (Regulation 3)

(c) the aggregate amount to which a bank may supply financial support to all corporations or partnerships in which a bank's venture capital corporation has invested or extended credit is limited to fifteen per cent of the bank's shareholders' equity. (Regulation 4)

Your Committee is of the opinion that these limits are reasonable.

Representations have been made to your Committee that banks should not be required to own 100% of a venture capital corporation. Your Committee is of the opinion that this requirement would not in any way prevent a bank from participating with others in joint ventures within the limitations imposed by the regulations and thus on the one hand attracting new ideas, inventions and discoveries and assisting in the development of new projects, and, on the other hand sharing with others the risks of new ventures. For example, it would appear possible under the regulations, for a venture capital corporation, owned by a bank, to either share with others half the ownership of another venture capital corporation or limited partnership which in turn would invest in joint ventures.

Regulation 4(1) refers to "the bank and all venture capital corporations owned by it." This would indicate an assumption that a bank may own directly more than one venture capital corporation. This is not clear from Subsection 192(6) (ii) of the bill which states in effect that "subject to regulations a bank may own (a) all and not less than all of the issued and outstanding shares of . . . (ii) a venture capital corporation."

Your Committee is of the opinion that it is neither necessary nor advisable for a bank to own a proliferation of venture capital corporations. The same equity position of the bank's shareholders is maintained by having only one wholly-owned venture capital subsidiary. The diversification of types of ventures and the degree of splitting of risks and sharing of resources and expertise with other parties can be accomplished equally well through the joint ventures and investments undertaken by the sole wholly-owned venture capital corporation of the bank. This would also permit a better control mechanism and more satisfactory reporting procedures from the standpoint of the responsibility of the Inspector General of Banks.

In summary, your Committee wishes to go on record as approving the thrust of the proposed legislation in permitting and encouraging the use, within very conservative limits of the tremendous pools of capital provided by the Canadian banking system for participation in new ventures for the dynamic development of Canada's potential in human and material resources through venture capital corporations owned by banks.

The investments of most venture capital corporations are based on the development of nature resources such as mining, oil and forestry, and require a separate provincial incorporation. This is often required to take advantage of special provincial tax incentives and grants. Your Committee is of the opinion that provision ought to be made in the legislation to permit the owning of a maximum of one provincially incorporated venture capital corporation in each province, all of which would be wholly-owned subsidiaries of the bank's federally incorporated venture capital corporation.

RECOMMENDATIONS

1. YOUR COMMITTEE RECOMMENDS THAT THE PROPOSAL IN THE REGULATIONS TO PERMIT A BANK TO OWN DIRECTLY MORE THAN ONE VENTURE CAPITAL CORPORATION NOT BE APPROVED: HOWEVER, YOUR COMMITTEE RECOMMENDS THAT BILL C-15 AND THE VENTURE CAPITAL CORPORATION REGULATIONS BE AMENDED TO PERMIT A BANK TO OWN A MAXIMUM OF ONE PROVINCIALLY INCORPORATED VENTURE CAPITAL CORPORATION IN EACH PROVINCE, EACH SUCH CORPORATION TO BE A WHOLLY OWNED SUBSIDIARY OF THE BANK'S FEDERALLY INCORPORATED VENTURE CAPITAL CORPORATION.

2. YOUR COMMITTEE RECOMMENDS THE APPROVAL OF THE PROPOSAL IN THE LEGISLATION THAT IF A BANK FORMS OR ACQUIRES A VENTURE CAPITAL CORPORATION, THE BANK MUST OWN ALL AND NOT LESS THAN ALL OF THE ISSUED AND OUTSTANDING SHARES OF SUCH CORPORATION: HOWEVER, YOUR COMMITTEE EMPHASIZES THAT THE BANK ACT AND ITS REGULATIONS IN ITS OPINION, SHOULD NOT PREVENT A BANK'S WHOLLY OWNED VENTURE CAPITAL CORPORATION FROM HOLDING LESS THAN 100% EQUITY AND VOTING POSITIONS IN CANADIAN CORPORATIONS AND LIMITED PARTNERSHIPS ACQUIRED THROUGH THE PROVISION OF FINANCING AND LOANS TO CANADIAN CORPORATIONS AS DEFINED IN THE DEFINITION OF "VENTURE CAPITAL CORPORATIONS" IN BILL C-15.

(iii) *Dealing in Securities*

Banks from 1876 to the present have been authorized to "deal in" securities without any definite limitations other than the restriction on the use of their name in corporate security sales promotions.

The proposals in Bill C-15 contain prohibitions and constraints on the banks' role in dealing in securities arising out of the policy considerations outlined by the Department of Finance in NOTES ON BILL C-15 as follows:

> "The more precise definition of the role of the banks in the securities markets takes into account potential conflicts of interest, particularly where this could occur in respect of corporate securities, the issuers of which are also borrowing customers of the bank; possible undue concentration of power, if the choice between raising capital from the banking sector or from the public were to become restricted; the desirability of the continued availability of the potential distributing power of the chartered banks through their comprehensive branch system; and

the need for continued participation by the banks in financing Canadian industrial growth and major resource-oriented projects."

The following is an outline of the powers and constraints proposed in Bill C-15 respecting a bank's entitlement to deal in corporate securities as provided by the Department of Finance in NOTES ON BILL C-15:

"(a) The Banks are authorized, in respect of *debt securities* to continue to deal in them as principal or agent, to act as members of selling groups, and to underwrite and distribute such securities of all levels of government in Canada and their agents, those of international agencies of which Canada is a member, as well as their own debentures and those of authorized affiliates which are guaranteed by the bank. This enables the banks to continue their role in the financing and distribution of mortgages and government debt securities (189(2) and (5)).

"(b) The banks are precluded, in respect of *debt securities* from underwriting corporate debt securities but may act as members of selling groups (189(5)).

This withdraws the right of banks to underwrite corporate debt securities, leaving this exclusively to the securities industry and avoiding conflicts of interest.

"(c) The banks are precluded, in respect of *equity securities*, from dealing in them except in the following specified circumstances: (189(3)):

—they may act as agent provided the transaction is effected through a broker or dealer (189(4)(b));

—they may deal as principals for their investment and trading accounts provided, in respect of the latter account, the transactions are effected through a broker or dealer (189(4)(a));

—they may issue and distribute their own shares (189(4)(c)).

This withdraws the general right of banks to deal in equity securities. They may continue to deal for their own account and act as agents for the public.

"(d) The banks are precluded, in respect of *equity* securities from underwriting any corporate equity securities, but may be members of the selling group (189(5)).

This withdraws the right to underwrite *equity* securities. They may, however, participate in their distribution.

"(e) The banks are precluded from making *private placements* of corporate debt or equity securities except in the following specified circumstances (189(7));

—the banks may do so in respect of their own securities (subject in the case of equity securities to the approval of the Inspector (189(4)(c)), in respect of the debt and equity securities of corporations controlled by the bank, and in respect of the debt securities of authorized affiliates.

—the banks may participate in private placements where they are members of the selling group.

This withdraws the right to engage in the private placement of securities except where the banks are permitted to underwrite and in connection with their own securities and those of related corporations.

"(f) It is made clear that the banks may participate in consortium or syndicate lending where the *debt* instrument involved is of a kind not normally traded in the market and it is clearly a project of a size or nature which is not being financed primarily through the securities market from non-bank sources (189(8)).

This will ensure that banks may continue to participate in meeting the larger and specialized capital requirements of industry and resource-oriented projects.

"(g) The banks are precluded from having any involvement in the management of *mutual funds* but may act at arms length as agents in the sale of mutual funds, thus avoiding potential conflicts of interest (190(1)).

"(h) It is made clear that a bank may advertise that it buys and sells securities provided it does not promote the sale of any particular security other than the *debt* securities it is authorized to underwrite under (a) above. This permits the branch system of the bank to continue to be used in the general distribution of securities throughout Canada (189(6))."

In response to these provisions the Investment Dealers Association of Canada and the Stock Exchanges of Canada delivered a strong brief emphasizing the separation of functions as between the banking community and securities dealers. Your Committee endorses this general concept. In addition the brief outlined a number of provisions of the securities aspect of the Bill which gave them concern all of which will no doubt be given careful consideration by the Government.

The point which must be stressed in your Committee's view is that a limited involvement by the banks in the distribution of securities is essential by reason of their extensive network of branches which provide a service to the smaller communities of Canada which would otherwise be unavailable. At the same time the provisions of the Bill provide some protection for investment dealers and brokers which in a statutory sense they have not heretofore enjoyed and which will enable them to continue to play a vital role in the Canadian financial system.

## 8. FOREIGN STORAGE OF BANK RECORDS

Subsection 156(4) of Bill C-15 provides in part as follows:

"A bank shall not process, store or otherwise maintain any of its corporate or clients' records at a location outside Canada or transmit data relating to any such records to a point outside Canada with the object of having that data processed, stored or maintained outside Canada . . . "

This provision of the Bill has excited considerable interest not only in the banking community, but also in the data processing field.

In the first place, the presence of such a provision for what appears to be the first time in Canada, in the Bank Bill is

curious. If the public interest demands that data, consisting of business records, be retained in Canada and not stored abroad, it is unclear as to why this is peculiarily appropriate to the banking industry. There is no equivalent provision in the Canada Business Corporations Act nor in any other federal legislation. The first criticism therefore is that the inclusion for the first time of such a provision in the Bank Act is inappropriate and amounts to a piecemeal treatment of a complex subject. If accessibility of such information is the issue, then it is the view of your Committee that it should be dealt with in composite legislation.

The banking community anticipates facing serious difficulties in the light of this provision of the Bill by reason or the fact that, at the present time, and on an ever increasing basis, the development of computer technology in the computer service industry is in the direction of international processing storage which would leave the Canadian banking community, and for that matter the Canadian public, at a distinct disadvantage if such transmittal and storage were prohibited.

As has been pointed out by the Banks, they may wish to use services which may involve the use of data processing facilities outside Canada for analytical purposes. This clause would deny to the banks the flexibility afforded other corporations. The language of the clause is sufficiently broad as to prohibit even the most innocuous activity such as, for example, the analysis of the effective rate of return on a schedule of equipment lease payments. Further, with the increasing use of a wide variety of credit cards valid in a multitude of jurisdictions, information regarding bank customers must from time to time be stored in a foreign data centre, otherwise the credit card would have no utility.

If the intention is to promote utilization of Canadian data processing firms or to promote the expansion of the computer hardware manufacturing industry the representations made to your Committee would lead to the conclusion that these results are not likely to follow. In the first place, insofar as processing firms are concerned, the largest and most sophisticated themselves make use of services and facilities in foreign countries from time to time. It would not appear to follow that there would be anything in the way of a significant change in the Canadian manufacturing industry if this clause were to survive since, on the evidence before your Committee, emphasis in the Canadian industry has been upon the development of the computer service bureau rather than the manufacturing industry and the work of the service bureau industry would be frustrated by such a provision.

Finally it has been suggested by some groups that have made representations to your Committee that the underlying reason for the inclusion of this clause is to insure that the Inspector General of Banks will not be denied, in the performance of his function, an effective opportunity to examine the records of banks which may be stored in a computer facility abroad. It is the view of your Committee that this objective together with any others that may be inherent in the proposed legislation can be secured just as effectively by either requiring that a record of the same information which is stored abroad be maintained in Canada, or alternatively that the Bank be required to maintain and have available for all legitimate purposes, facilities to enable such public official to secure a print-out of the information so stored from a domestic location and also to enable him to secure a detailed index of the information stored and the codes necessary to enable him to secure such a print-out.

The above is apart altogether from the advice which your Committee has received to the effect that generally information which is ordinarily processed outside Canada is statistical information, and the main bank records are, and will in all likelihood continue to be, stored in Canada.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT SUBSECTION 156(4) OF THE BILL BE DELETED IN ITS ENTIRETY EITHER WITH A VIEW TO AWAITING GOVERNMENT LEGISLATION OF A MORE COMPOSITE VARIETY REFLECTING PUBLIC POLICY WITH RESPECT TO THE PROCESSING AND STORAGE OF DATA IN COMPUTER BANKS ABROAD, OR ALTERNATIVELY, REPLACED WITH A MORE POSITIVE AND PRACTICAL PROVISION, NARROWER IN SCOPE, AND INTENDED TO PERMIT THE BANKING COMMUNITY AS IS PRESENTLY PERMITTED FOR ALL OTHER SECTORS OF THE BUSINESS COMMUNITY TO PROCESS AND STORE APPROPRIATE CLASSES OF DATA IN CANADA AND ABROAD ON A BASIS THAT WILL PERMIT THOSE PERSONS OR INSTITUTIONS WHICH HAVE A LEGITIMATE INTEREST IN RETRIEVING SUCH INFORMATION TO SO RETRIEVE IT FROM A LOCATION AND WITH INFORMATION AND FACILITIES AVAILABLE IN CANADA, AND PROVIDED A DETAILED RECORD OF THE SAME INFORMATION IN BOTH RAW DATA AND PRINT-OUT FORM IS ALSO STORED AND SIMILARLY AVAILABLE IN CANADA.

## 9. FINANCIAL DISCLOSURE

Your Committee received briefs from the Canadian Institute of Chartered Accountants and the Canadian Bankers' Association. Both of these Associations appeared before your Committee and made recommendations for changes in the format of and the filing of financial statements and financial disclosure generally.

The matters on which your Committee makes recommendations in this report are as follows:

(i) *Accumulated Appropriations for Losses*;
(ii) *Filing of financial statements and returns*;
(iii) *Regulations on Cost of Borrowing*

Your Committee has noted the following changes in the banking legislation and in the Minister's suggested amendments which pertain to provisions affecting financial statements, returns, audit committees and auditors:

Consolidated financial statements
Equity accounting for associated companies
Minority interests
Improvements in format and presentation of financial statements
Requirement for Audit Committees
Alternative appointment of either a firm of accountants or an individual as auditor

(i) *Accumulated Appropriations for Losses*

Your Committee has considered various representations and suggestions as to whether or not the charge to expense in a given year based on the five-year loan loss experience should be changed. As a result of its deliberations your Committee has concluded that the special circumstances of the regulated banking system and its proven record of stability does not warrant change in the method of handling the annual provision for losses on loans calculated on the formula based on a bank's five-year average loss ratio.

Your Committee is aware that information is provided in a bank's financial statements and in the notes thereto to disclose adequately the actual losses on loans for a period. It is particularly noted that Regulation 4(1) (c) prescribes the detailed information to be disclosed in such notes. However, your Committee is of the opinion that because the tax-paid portion of the Accumulated Appropriations for Losses represents an appropriation of retained earnings or contributed capital, such portion should properly be included as part of shareholders' equity on a bank's balance sheet. A suggested amendment to this effect has been proposed by the Minister.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED TO PROVIDE FOR THE TAX-PAID PORTION OF THE ACCUMULATED APPROPRIATIONS FOR LOSSES TO BE INCLUDED AS PART OF SHAREHOLDERS' EQUITY ON THE BALANCE SHEET OF A BANK.

(ii) *Filing of Financial Statements and Returns*

Your Committee has concluded that the new reporting requirements for banks, including consolidated financial statements as proposed by Bill C-15, should allow more time for the preparation and submission of returns. The Minister has brought forward suggested amendments in this connection and your Committee approves same.

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT BILL C-15 BE AMENDED TO PROVIDE THAT THE RELATIVE TIME PERIODS ALLOWED FOR PREPARATION, SUBMISSION AND PUBLISHING OF FINANCIAL STATEMENTS AND RETURNS BE EXTENDED AS FOLLOWS:

(a) MAILING ANNUAL FINANCIAL STATEMENT TO SHAREHOLDERS—60 DAYS INSTEAD OF 45 DAYS;

(b) SUBMISSION OF QUARTERLY FINANCIAL STATEMENTS TO INSPECTOR GENERAL OF BANKS—45 DAYS INSTEAD OF 30 DAYS

(c) PUBLISHING OF QUARTERLY FINANCIAL STATEMENTS IN NEWSPAPERS—65 DAYS INSTEAD OF 45 DAYS

(iii) *Regulations on Cost of Borrowing*

In our report on Bill C-16, the Borrowers and Depositors Act, your Committee expressed concern over the extent to which "credit charge" as defined for the purpose of that Act fell within the federal power to legislate with respect to interest assigned under Section 91(19) of the British North America Act. In general terms "if the predominant aspect or the principal characteristic of the legislation deals with interest then it will be in the federal power; however, if such aspect or characteristic relates to the making of a contract or its terms, other than interest, then subject to the ancillary power to legislate... the power to legislate would be in the provinces."

Your Committee's report on Bill C-16 cited jurisprudence in support of its concern and while we do not propose to repeat the citation in this report it does seem appropriate to quote the Hon. Mr. Justice Judson in the case of *Attorney General for Ontario v. Barfried Enterprises Ltd.* (1963) S.C.R. 570 where the court considered whether The Unconscionable Transactions Relief Act which defined "cost of the loan" to mean among other things, "The whole cost to the debtor of money lent" and includes interest discounts subscription, premium, dues hours, commission, brokerage fees and charges was really legislation in relation to interest. The Hon. Mr. Justice Judson at page 575 says: "The day to day accrual of interest seems to me to be an essential characteristic. All other items mentioned in The Unconscionable Transactions Relief Act except discount lack this characteristic. They are not interest."

On the basis of these comments and other decisions quoted in our report on Bill C-16, your Committee is of the opinion that it is questionable whether many of the items formerly included in Bill C-16, definition of "credit charge" and now included in Bill C-15, definition of "cost of borrowing" would be "interest". The most significant questionable area would be any payments by the borrower to a third person when such third person is not related to or a nominee of the lender. Because of the difficulty in defining "cost of borrowing" your Committee believes it would be more appropriate to include such definition in the Bill rather than in the regulations.

In defining the nominal annual percentage rate in the regulations, any increase in the amount paid by the borrower caused by the compounding of interest for one or more periods is excluded if the annual interest is expressed as the sum of the percentage rates for the year.

Regulation 8(1) outlines the disclosure requirements for borrowers other than by way of mortgage on real property but does not require that the effective date of the loan and the

terminal balance or terminal payment, if any, be shown separately on the Statement of Disclosure form.

Regulation 8(2) outlines the disclosure requirements for loans secured by a mortgage on real property but makes no separate reference to the cost of borrowing which must be calculated to obtain the nominal annual percentage rate and therefore could be disclosed.

The Consumers Association of Canada in an addendum to their brief to your Committee has suggested that Regulation 10 should be expanded to require disclosure or maximum liability for unauthorized credit card use. The Association has also suggested that the regulations adopt a standard method for the computing of interest charges on variable amounts and that the calculation procedure be disclosed to card holders: also that the bank be required to disclose the time required to liquidate the debt at the minimum permitted repayment level.

RECOMMENDATIONS

YOUR COMMITTEE RECOMMENDS THAT:

1. THE DEFINITION OF COST OF BORROWING SHOULD BE INCORPORATED IN THE BILL AND PAYMENTS TO THIRD PARTIES UNRELATED TO THE BANK AND NOT A NOMINEE OF THE BANK AND NECESSARY TO THE COMPLETION OF A LOAN OR ADVANCE SHOULD BE EXCLUDED FROM THE COST OF BORROWING.

2. WHERE THE TERMS OF THE LOANS ARE SUCH THAT THERE IS A DIFFERENCE BETWEEN "THE NOMINAL ANNUAL PERCENTAGE RATE" AND "THE EFFECTIVE ANNUAL RATE", THE EFFECTIVE ANNUAL RATE SHOULD BE DISCLOSED.

3. THE STATEMENT OF DISCLOSURE OF INFORMATION UNDER SUBSECTION 198(4) OF PART I OF BILL C-15, SHOULD INCLUDE THE EFFECTIVE DATE OF THE LOANS AND THE TERMINAL BALANCE ON THE AMOUNT OF PAYMENT REQUIRED ON TERMINATION.

4. THE DISCLOSURE REQUIREMENTS FOR LOANS SECURED BY REAL PROPERTY SHOULD INCLUDE THE COST OF BORROWING IF SUCH AMOUNT MUST BE DETERMINED TO OBTAIN THE NOMINAL ANNUAL PERCENTAGE RATE.

5. THE DISCLOSURE REQUIREMENTS FOR VARIABLE CREDIT SHOULD INCLUDE A STATEMENT OF THE CARDHOLDER'S MAXIMUM LIABILITY FOR UNAUTHORIZED CREDIT CARD USE.

## 10. CANADA BUSINESS CORPORATIONS ACT

As has been noted in this report, there are more than four hundred instances in which equivalent provisions of the Canada Business Corporations Act (Statutes of Canada 1974-75-76, C. 33 as amended) have been incorporated in Part I of Bill C-15, being the new Bank Act.

Your advisers compared these provisions with the treatment accorded them in the proposed legislation in Part I of Bill C-15; recourse was also had to two studies submitted to your Committee by the Canadian Bankers' Association as supplementary evidence in connection with that Association's brief on Bill C-15; these studies were prepared by John H. C. Clarry, entitled "Bill C-57—Canada Business Corporations Act—Comparison" and "Major Areas of Different Treatment under the Bank Act and the CBCA".

Your Committee also studied a number of technical amendments to Bill C-15 which were proposed by the Canadian Bankers' Association, and met with representatives of that Association together with representatives of the office of the Inspector General of Banks with a view to resolving many areas of difference in treatment in Bill C-15 compared with the equivalent provision of the CBCA.

The major areas of different treatment under Bill C-15 and the CBCA fall into the following categories.

Qualifications of directors
Bank directors and officers as directors of other corporations
Provisions applicable to directors and officers
Loans to directors, officers and employees
Incorporation and corporate proceedings
Share capital; pre-emptive rights; options, redemptions
Issue of bank debentures and shares
Data Processing
Financial statements; audit committees; auditors
Regulatory provisions
Provisions of the CBCA which are not adopted in the Bank Act
Other differences reflecting different circumstances of banks and government policy

In your Committee's opinion the advisability of proposing amendments to Bill C-15 in order to conform with equivalent provisions of the CBCA cannot be generalized. Many of the differences in technical treatment between the CBCA and Part I of Bill C-15 were resolved in the meeting above referred to and are, in your Committee's opinion, adequately dealt with in the suggested amendments brought forward by the Minister.

There are many areas in which the treatment in Part I of Bill C-15 differs from the equivalent provisions of the CBCA and such treatment reflects government policy or the necessity to adapt the provisions of the Bank Act to the different circumstances of Banks compared with other business corporations. Your Committee is of the opinion that the special character of the banking system and the important responsibilities of banks in the business community and the Canadian economy require in some cases, different treatment in the Bank Act than that contemplated by the CBCA. Your Committee's views on the advisability of according to banks the same or different treatment under the Bank Act is reflected in the various sections of this report and in our recommendations for amendment to Bill C-15.

## 11. MISCELLANEOUS TECHNICAL AMENDMENTS

In Part I of Bill C-15 and in the Minister's draft proposed amendments, technical and non-substantive changes to the Bank Act have been proposed. Your Committee, after a comprehensive analysis of Part I of the Bill has developed specific recommendations for change to some of these provisions. These recommendations for change are presented herein in outline form.

RECOMMENDATIONS:

(a) It is noted that shares of trust companies are currently held by some banks and will require disposition, when such a trust company incorporates as a bank, on a possible "distress" basis.

YOUR COMMITTEE THEREFORE RECOMMENDS THAT SECTION 9 OF BILL C-15 BE AMENDED TO PERMIT A BANK, WHICH OWNS SHARES OF A TRUST COMPANY SEEKING INCORPORATION AS A BANK, TO ENJOY A LIMITED TRANSITIONAL PERIOD TO ENABLE IT TO DISPOSE OF ITS TRUST COMPANY SHARES ON OTHER THAN A DISTRESS BASIS.

(b) Subsection 46(3)(*c*) of Bill C-15 specifically prohibits the Chief Executive of a bank from issuing securities, including deposit instruments, except as may be authorized by the Board of Directors.

YOUR COMMITTEE RECOMMENDS THAT THESE PROHIBITIONS BE LIMITED TO SHARES AND THAT IN THE CASE OF OTHER SECURITIES AND DEPOSIT INSTRUMENTS PROVISION BE MADE FOR DELEGATION OF THE ISSUING FUNCTION TO OFFICERS OF THE BANK.

(c) The provisions of subsection 117(2) describes the right of one class of shares to vote at all meetings, to receive all property of the bank on dissolution and Section 129 provides for the declaration of dividends.

YOUR COMMITTEE RECOMMENDS THAT SUBSECTION 129(1) OF PART I OF THE BILL BE AMENDED SO AS TO PERMIT THE SEPARATE DECLARATION OF DIVIDENDS ON DIFFERENT CLASSES OF SHARES.

(d) The provisions of Bill C-15 do not allow a bank to purchase any shares it has issued as redeemable shares nor does it allow for the calculation of a price for redeemable shares by means of a formula stated in the bylaw creating the shares.

YOUR COMMITTEE RECOMMENDS THAT SUBSECTION 124(2) OF PART I OF BILL C-15 BE AMENDED TO PERMIT A BANK TO PURCHASE ITS SHARES WHICH IT HAS ISSUED AS REDEEMABLE SHARES (SUBJECT TO THE CONSENT OF THE INSPECTOR GENERAL OF BANKS) AND THE OTHER CONDITIONS COMPARABLE TO SUBSECTION 124(3): AND ALSO TO PERMIT THE REDEMPTION OF REDEEMABLE PREFERRED SHARES AT A PRICE CALCULATED ACCORDING TO A FORMULA STATED IN THE BY-LAW CREATING THE PREFERRED SHARES.

(e) It is noted that the present proposals in Section 132 do not make it clear that the minimum five year term does not apply to the right of the holders to exercise their recourse in the event of winding-up or insolvency.

YOUR COMMITTEE RECOMMENDS THAT AMENDMENT TO THIS PROPOSED SUBSECTION 132(2)(b) BE MADE TO CLARIFY THAT COLLECTION OF DEBENTURES PRIOR TO THE FIVE YEAR MINIMUM TERM IS POSSIBLE IN THE CASE OF A BANK INSOLVENCY OR WINDING-UP AND FURTHER THAT THE CONVERSION OF DEBENTURES SHOULD NOT BE CONSTRUED AS PAYMENT.

(f) The Government proposals require insiders to file a first report within thirty days from the coming into force of the Act. A large number of people will fall within the provisions of Section 168.

YOUR COMMITTEE RECOMMENDS THAT IN VIEW OF THE LARGE NUMBER OF PEOPLE WHO WOULD BE REQUIRED TO FILE THE INITIAL INSIDER REPORT SUBSECTION 168(1) SHOULD BE AMENDED SO AS TO EXTEND THE INITIAL FILING PERIOD FOR THE FIRST INSIDER REPORTS FROM THIRTY DAYS TO SIXTY DAYS.

## DIVISION II

## PART II OF BILL C-15

## THE QUEBEC SAVINGS BANKS ACT

Part II of Bill C-15 consists of amendments to the present Quebec Savings Banks Act. The only bank to which this Act applies is the Montreal City and District Savings Bank. (La Banque d'Épargne de la Cité et du District de Montréal)

Your Committee notes the more important amendments to this Act which include the following provisions:

—to permit the bank to have branches outside Quebec;

—to increase ratio limit on mortgage loans to deposits from 60% to 65%;

—to delete limit on size of mortgage loans;

—to permit insured high ratio conventional mortgages;

—to permit loans to individuals against security of movable property, with no limit per individual except approval of board required where aggregate of unsecured loans to an individual and loans against security of movable property to that individual exceed $50,000;

—to permit the bank to issue no par value shares, and have shares of various classes;

—to provide for setting aside pre-emptive rights by by-law if confirmed by special resolution;

—to incorporate some provisions similar to those in the Bank Act in areas such as;

—capital adequacy and liquidity

—consolidated financial statements and format thereof

—borrowing limits for officers, employees and directors

—rotation of auditors, appointment of an audit committee

—sale of lottery and bus tickets

—to prohibit the Montreal City and District Savings Bank from acquiring shares of a chartered bank

—to limit the holding of shares of a savings bank by cooperative corporations to 25 per cent

The White Paper on Banking had proposed that the Montreal City and District Savings Bank would be required to be a member of the Canadian Payments Association and be subject to the same reserve requirements as chartered banks. This would have resulted in a considerable loss of revenue to the bank. In its report on the White Paper, your Committee recommended that the reserve requirements of the Montreal City and District Savings Bank as provided under the Quebec Savings Bank Act should remain under that Act and that no changes in the amount of reserves should be made. This recommendation has been given effect to inasmuch as there are no proposed amendments in Part II of Bill C-15 affecting the reserve requirements of the Bank.

The Montreal City and District Savings Bank submitted briefs and supplementary information concerning proposed amendments to Bill C-15. Representatives of the bank also appeared before your Committee on June 28, 1978.

Your Committee has studied the proposals of the bank in relation to the amendments in Part II of Bill C-15 and the present Quebec Savings Banks Act. The bank stated its opinion that the proposed amendments brought forward by the Government in Part II of Bill C-15 were not very numerous or comprehensive because the Government is now studying the desirability of a new Savings Bank Act. Your Committee agrees with the bank that if there are any amendments which can be substantiated as being advisable or necessary for improved legislation in the Quebec Savings Bank Act now is the time to make the necessary changes rather than wait for some indefinite period of time which might run into several years.

Based on its studies, your Committee wishes to make the following comments on the amendments proposed to the Quebec Savings Banks Act in Part II of Bill C-15.

### LOANS TO INDIVIDUALS

(a) *Unsecured Loans*

Your Committee is of the opinion that the present limit of the $10,000 for unsecured loans to individuals should be increased to $20,000, and that such limit be indexed to take into account any future depreciation in the value of money

(b) *Secured Loans*

Your Committee suggests that the limit on secured loans to individuals not requiring approval of the directors be increased from $50,000 to $100,000.

### THE PROPOSALS PERTAINING TO CORPORATE STRUCTURE

1. *Qualification of Directors*

In line with the requirements of the Bank Act, your Committee is of the opinion that the Quebec Savings Banks Act should provide that the directors and officers of a chartered bank or a cooperative corporation, as defined in the Act, are disqualified from being directors of the Bank.

It is noted that the Minister's suggested amendments to Bill C-15 would disqualify from being a director of a bank a person who is a director or officer of a chartered bank or of a cooperative corporation.

2. *Limit on bank shares by cooperative corporations*

In its brief and when it appeared before your Committee, the Montreal City and District Savings Bank pointed out that greater protection from the danger of control or influence on policy by cooperative credit societies should be afforded to it under the Quebec Savings Banks Act than the limitations in the Bank Act imposed on the shareholdings of banks incorporated under the latter Act held by cooperative credit societies.

Some of these reasons, it is claimed, are as follows:

(a) The Montreal City and District Savings Bank is in direct competition with cooperative credit societies such as Caisses Populaires Desjardins and the ownership of the bank's shares possibly could lead to a loss of a degree of independence;

(b) The Bank is more vulnerable to acquisition of large blocks of its shares by groups which might act in concert because the number of shares outstanding is relatively small. The possibility of obtaining a broader distribution of shares is restricted because the present Act requires that holders of shares have pre-emptive rights on any new issue of treasury shares;

(c) The proposed provisions in Part II of Bill C-15 concerning the limits on ownership of shares by cooperative corporations, the extent to which cooperative credit societies are deemed to be associated, and the lack of prohibition against officers of competing cooperative credit societies being directors of the Bank leave the Bank in a vulnerable position.

Your Committee suggests that a broader definition of a cooperative corporation should be given in the Act so as to include corporations under the control of a league or federation of leagues or federations of local cooperative credit societies.

In the opinion of your Committee the concept of deemed association of shareholders, as laid down in the Act, should be extended so that cooperative credit societies who are members of, and corporations under the control of, the same league or federation be deemed associated shareholders.

Your Committee is also of the opinion that the Act should limit the total number of shares held together by all cooperative corporations to 25% of the total number of the issued and oustanding shares of a Savings Bank, but that the limit for all cooperative corporations which are deemed to be associated should be 10%; also, that provision should be made in the Act in the case of new Savings Banks for the latter limit to be temporarily exceeded up to a maximum of 25% for a maximum of five years.

3. *Voting rights of shares held by certain funds*

In the opinion of your Committee the Act should prohibit the exercise of the voting rights of shares of the Bank held by a pension fund to which a chartered bank or cooperative corporation is a contributor. This would prevent the use of pension funds as a means of controlling the Bank or exceeding the limit on voting shares which may be held directly.

4. *The authorized capital stock*

Your Committee considers that the authorized capital of the Bank is insufficient for its needs and to allow for growth, and believes that the capital stock, authorized by the Act, should be increased to $5,000,000 divided into five million shares of one dollar each.

5. *Suspension of shareholders' pre-emptive rights*

The bank has proposed that the directors should be empowered by the Act to suspend the pre-emptive right of shareholders with respect to new Bank share offerings.

This proposal is based on a desire to give the shareholdings a broader base. Your Committee suggests that a minimum of two-thirds majority of the votes cast at a meeting of shareholders called for the purpose of approving or ratifying a suspension of rights for any particular new issue of shares would be appropriate under the circumstances. It should be in the interests of the shareholders to obtain broader distribution of its shares, and this is difficult to accomplish under the present Act which requires any new issue of shares to be offered to the present shareholders.

Your Committee notes that the Minister has brought forward a proposed draft amendment defining "special resolution" to mean a resolution passed by a majority of not less than two-thirds of the votes cast by or on behalf of the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution. This would have the effect of applying the two-thirds majority requirement to the setting aside of pre-emptive right and your Committee approves of this proposed amendment.

6. *The issue of securities*

Your Committee is of the opinion that as is the case for chartered banks, the Bank should be authorized to borrow money by the issue of bank debentures, subject to the same limit of one-half of the Bank's paid-in capital, contributed surplus, general reserve and retained earnings.

It is noted that the Minister's suggested amendments to Part II of Bill C-15 would give the Bank the same debenture issuing powers as are in Sections 132-134 of the Bank Act, suitably amended.

## THE PROPOSALS PERTAINING TO BUSINESS AND POWERS

1. *Business Powers*

In addition to the powers specified in the present Act and in the Bill, your Committee agrees with the Bank's proposal that the Bank should have such powers set forth in the new Bank Act as are not inconsistent with the business of the Bank, namely, to borrow money generally, to issue credit cards, to provide banking related data processing services, to sell RRSPs and RHOSPs and to hypothecate the assets of the Bank as security for the repayment of moneys borrowed by it;

Also the prohibition against lending money on the security of shares of the Bank or of a chartered bank or on debentures of the Bank should not apply where the amount of the loan is $50,000 or less, as is the case for loans made by the chartered banks.

It is noted that Part II of Bill C-15 would permit in Section 8 a bank incorporated under the Quebec Savings Banks Act to open branches anywhere within Canada instead of being limited to the Province of Quebec.

2. *Investments*

Your Committee does not approve the Bank's proposal that it should be authorized to invest in shares and securities of any corporation without restriction, but that the present limitation in the Act remain unchanged; that is, limited to securities and

shares of companies incorporated in Canada none of whose securities are in default.

3. *Loans*

Your Committee is of the opinion that as regards *loans to individuals*, the Act should (i) permit the Bank to lend money to any individual, without security, up to $20,000 subject to indexing for future changes in the value of money; (ii) for secured loans to individuals, extend the meaning of "security" so as to include the security of movable property, tangible or intangible, as well as the guarantees that may be provided under any Act of the Parliament of Canada or of a Province; and (iii) increase the amount of secured loans to an individual in excess of which the approval of the directors is required from $50,000 to $100,000 subject to indexing.

It is noted that the Minister's suggested amendments to Part II of Bill C-15 include a proposed change whereby directors need only approve loans over $100,000.

As regards *loans to companies*, your Committee agrees that the Act should (i) permit the Bank to lend money to any company incorporated in Canada without restriction, subject to the approval of the directors if the loan is made without security; and (ii) permit the Bank to lend money to companies against the same securities as for individuals and subject to the approval of directors if the loan is in excess of $100,000 with appropriate provisions for indexing.

4. *Mortgage loans*

Your Committee suggests that NHA mortgage loans should be exempted when computing the permitted ratio of total mortgage loans to total deposit liabilities; moreover, the amount of a mortgage loan in excess of which the approval of directors is required should be increased to $300,000 subject to indexing.

5. *Loans to Employees*

Your Committee is of the opinion that the borrowing by employees of the Bank should be made subject to one restriction only, i.e. that the approval of directors be required when the aggregate amount of loans to any one employee exceeds the annual salary from the Bank of that employee.

*The Proposals Relating to Financial Reporting*

Your Committee notes that the Minister is bringing forward a proposed draft amendment whereby the tax-paid portion of the Accumulated Appropriations for Losses is to be included as a part of Shareholders' Equity. Your Committee approves this proposed draft amendment.

RECOMMENDATIONS:

1. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO DISQUALIFY FROM BEING A DIRECTOR OF A BANK INCORPORATED UNDER THIS ACT A PERSON WHO IS A DIRECTOR OR OFFICER OF A BANK TO WHICH THE BANK ACT APPLIES OR OF A COOPERATIVE CORPORATION OR A PERSON WHO IS A DIRECTOR OR OFFICER OF A CORPORATION CONTROLLED BY A CHARTERED BANK OR A COOPERATIVE CORPORATION.

2. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO (a) LIMIT THE TOTAL NUMBER OF SHARES HELD TOGETHER BY ALL COOPERATIVE ASSOCIATIONS TO 25 PER CENT OF THE TOTAL NUMBER OF ISSUED AND OUTSTANDING SHARES OF A BANK INCORPORATED UNDER THIS ACT;

(b) LIMIT THE HOLDINGS OF VOTING SHARES HELD IN AGGREGATE BY COOPERATIVE CORPORATIONS WHICH ARE DEEMED TO BE ASSOCIATED TO 10 PER CENT OF SUCH A BANK; AND

(c) PROVIDE FOR A TEMPORARY EXCEEDING OF THE 10 PER CENT LIMIT IN (b) ABOVE UP TO A MAXIMUM OF 25 PER CENT FOR A PERIOD OF FIVE YEARS DURING THE ORGANIZATIONAL AND FINANCING PERIOD OF A BANK NEWLY INCORPORATED UNDER THE QUEBEC SAVINGS BANK ACT.

3. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED TO PROHIBIT THE EXERCISE OF THE VOTING RIGHTS OF SHARES OF A BANK INCORPORATED UNDER THE QUEBEC SAVINGS BANKS ACT WHICH ARE HELD BY A PENSION FUND TO WHICH A BANK CHARTERED UNDER THE BANK ACT OR A COOPERATIVE CORPORATION IS A CONTRIBUTOR.

4. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO INCREASE THE AUTHORIZED CAPITAL OF THE MONTREAL CITY AND DISTRICT SAVINGS BANK TO $5,000,000 DIVIDED INTO FIVE MILLION SHARES OF ONE DOLLAR EACH.

5. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO PERMIT THE SUSPENSION OF PRE-EMPTIVE RIGHTS IN THE CASE OF NEW ISSUE OF TREASURY SHARES UPON A SPECIAL RESOLUTION OF THE DIRECTORS RATIFIED BY AT LEAST TWO-THIRDS OF THE VOTES CAST IN FAVOUR AT A MEETING OF THE SHAREHOLDERS.

6. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO AUTHORIZE THE ISSUE OF DEBENTURES BY A BANK INCORPORATED UNDER THIS ACT, SUBJECT TO A LIMIT IN AMOUNT NOT EXCEEDING THE BANK'S SHAREHOLDERS' EQUITY.

7. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO GIVE TO A BANK INCORPORATED UNDER THIS ACT THE FOLLOWING SPECIFIC POWERS:

(a) TO BORROW MONEY GENERALLY,

(b) TO ISSUE CREDIT CARDS,

(c) TO PROVIDE BANKING RELATED DATA PROCESSING SERVICES,

(d) TO SELL RRSPs and RHOSPs

(e) TO HYPOTHECATE THE ASSETS OF THE BANK AS SECURITY FOR MONEYS BORROWED BY IT,

(f) TO LEND MONEY ON THE SECURITY OF SHARES OF THE BANK OR OF A CHARTERED BANK OR ON DEBENTURES OF THE BANK WHERE THE LOAN IS $50,000 OR LESS.

8. YOUR COMMITTEE RECOMMENDS THAT PART II OF BILL C-15 BE AMENDED SO AS TO INCREASE THE LENDING POWERS OF A BANK INCORPORATED UNDER THIS ACT AS FOLLOWS:

(a) THE LIMIT ON UNSECURED LOANS TO INDIVIDUALS BE INCREASED FROM $10,000 TO $20,000 WITH A PROVISION FOR INDEXING OF THE DOLLAR LIMIT TO REFLECT ANY CHANGE IN THE VALUE OF MONEY;

(b) THE LIMIT ON SECURED LOANS TO INDIVIDUALS AND CORPORATIONS, IN EXCESS OF WHICH THE APPROVAL OF THE DIRECTORS IS REQUIRED BE INCREASED FROM $50,000 TO $100,000 WITH A PROVISION FOR INDEXING;

(c) THE LIMIT ON MORTGAGE LOANS IN EXCESS OF WHICH THE APPROVAL OF THE DIRECTORS IS REQUIRED BE INCREASED FROM $100,000 TO $300,000 WITH A PROVISION FOR INDEXING;

(d) FOR SECURED LOANS TO INDIVIDUALS, THE MEANING OF "SECURITY" BE EXTENDED TO INCLUDE THE SECURITY OF MOVABLE PROPERTY, TANGIBLE OR INTANGIBLE, AS WELL AS THE GUARANTEES THAT MAY BE PROVIDED UNDER ANY ACT OF PARLIAMENT OF CANADA OR OF A PROVINCE;

(e) TO PERMIT THE LENDING OF MONEY TO ANY COMPANY INCORPORATED IN CANADA, SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS IF THE LOAN IS MADE WITHOUT SECURITY;

(f) TO EXEMPT NHA MORTGAGE LOANS WHEN COMPUTING THE PERMITTED RATIO OF TOTAL MORTGAGE LOANS TO TOTAL DEPOSIT LIABILITIES;

(g) FOR LOANS TO EMPLOYEES OF THE BANK, THE RESTRICTION BE LIMITED TO REQUIRING THE APPROVAL OF THE DIRECTORS WHEN THE AGGREGATE AMOUNT OF LOANS TO ANY ONE EMPLOYEE EXCEEDS THE ANNUAL SALARY FROM THE BANK OF THAT EMPLOYEE.

## DIVISION III

## BANK OF CANADA ACT

Several amendments have been made to the Bank of Canada Act. Some of these result from the proposed establishment of the Canadian Payments Association and the necessity of providing the Bank of Canada with the power to accept deposits from and make loans to non-bank members of the Association.

When Mr. Gerald K. Bouey appeared before your Committee on January 24, 1979 he summarized the need for these amendments as follows:

> "The thrust of this group of amendments is to allow non-bank members of the CPA to effect their settlements with other members through the Bank of Canada in much the same way as central bank facilities are now used for this purpose by the chartered banks; that is, by making transfers between deposit accounts held at the Bank of Canada. The essential difference is that such deposit accounts held by the chartered banks, while available for making clearing settlements, are an integral part of the system of minimum cash reserve requirements, whereas in the case of non-bank members of the CPA these deposit accounts would be maintained for the purpose of clearing settlements only. It may, however, be only the larger near-banks which will choose to maintain such deposit accounts, since it is likely that only these institutions will have a sufficiently large volume of items to justify direct participation of the clearings. In any case, to put all members on an equal legal footing in this respect, it is proposed that the power of the Bank of Canada to accept deposits from banks be extended to include the acceptance of deposits from other members of the CPA. Likewise, any non-bank members which chooses to keep its clearing balance with the central bank will also need access to Bank of Canada lending facilities to provide a source of temporary credit when, as will occasionally happen, unexpectedly large clearing settlements occur. Thus, it is proposed that the Bank of Canada's power to make temporary loans and advances to banks be extended to permit similar credit facilities for non-banks. Since these changes would broaden the group of institutions with which the Bank could have direct dealings, it would accordingly seem desirable to adjust certain other provisions of the Act such as that relating to the eligibility of directors."

(Committee Proceedings, Jan. 24, 1979 page 18.6:)

Your Committee has no comments to make on the proposed amendments to the Bank of Canada Act.

## DIVISION IV

## CANADIAN PAYMENTS ASSOCIATION ACT

Part IV of Bill C-15 comprises the Act which will establish as a corporation the new Canadian Payments Association (CPA).

During examination of the Bill insofar as it pertains to the CPA your Committee had the benefit of evidence from the Inspector General of Banks and his staff and a number of interested organizations. The proposed Act to establish the CPA is the successor to certain provisions of the Canadian Bankers' Association Act passed July 7, 1900, under which the Canadian Bankers' Association was given the authority to establish clearing houses under the approval and surveillance of the Treasury Board.

Your Committee understands that the clearing house system presently in operation, through 78 years of experience, has developed an exemplary clearing system which serves the country well. It is apparently understood that in the initial stages of the operation of the new Act it is likely that the rules which will be adopted will, by and large, be those that are in place now. As appears hereunder it will be important, in the view of your Committee, to insure that in the enthusiasm of launching a new organization the operational lessons of the past are not altered in the interest of change alone.

The objects of the CPA are set out in section 53 of the Bill which states:

> "The objects of the association are to establish and operate a national clearing and settlements system and to plan the evolution of the national payments system."

The clearing and settlement of cheques and other payment items drawn on the chartered banks and other financial institutions will be arranged by the CPA which will take over the present clearing and settlement operations between the banks and the Bank of Canada presently carried out by the Canadian Bankers' Association.

The Bill proposes that only banks chartered under the Bank Act, including foreign bank subsidiaries, savings banks to which the Quebec Savings Banks Act applies, and the Bank of Canada would be required to be members of the Association. Other financial institutions which accept deposits transferable by order, such as near-banks including trust companies, credit unions, caisses populaires and others, may belong on a voluntary basis provided they meet the requirements set out in Section 78 of the CPA Act which appear to be minimal.

The White Paper proposed that membership in the association and the maintenance of chartered bank type reserves with the Bank of Canada would be compulsory for all institutions which accept transferable deposits, including trust companies, loan companies, caisses populaires and credit unions (the two latter represented as to membership through their respective centrals). Your Committee in its report on the White Paper recommended against requiring near-banks to maintain cash reserves of the magnitude proposed in the White Paper for monetary control purposes but recommended that reserves be required of members of the CPA for clearing settlement purposes. Your Committee also recommended that all other requirements for reserves applicable to chartered banks remain in the Bank Act and not be incorporated in the proposed Canadian Payments Association Act. This recommendation has been followed in Bill C-15. However, Part IV of Bill C-15 does not require compulsory membership in the CPA by the near-banks which accept deposits transferable by order; this is contrary to the White Paper proposal and to your Committee's recommendation.

Your Committee continues to believe that reserves should be required of all members of the CPA for clearing settlement purposes through the mechanism of a Clearing Settlement Cash Reserve. The importance of maintaining such reserves was emphasized in his evidence by the Inspector General of Banks as follows: (Committee Proceedings Nov. 8, 1978, p. 3:32)

> "As the Senate recognized in its report you absolutely have to have some kind of settlement balances to make the system work."

The amount of such reserve could be calculated by estimating a member's actual clearing settlement requirement or draw-down experience in the previous year plus an adjustment to provide for estimated growth. Also non-members of the Association clearing through a member should be required to deposit with the clearing member a clearing settlement cash reserve calculated on the same basis as for members. All clearing settlement cash reserves should be deposited with the CPA which should in turn deposit such reserves with the Bank of Canada.

In the course of the Committee's hearings representatives of the Canadian Cooperative Credit Society and Fédération des Caisses Populaires Désjardins indicated that it was the intention of these important and large credit union organizations to join the CPA under the conditions outlined in Part IV of Bill C-15.

The Canadian Bankers' Association, in its brief to your Committee indicated its disappointment that the legislation did not carry through the White Paper proposal to require all near-banks which accept deposits transferable by order to become members of the CPA and thus come within the monetary control of the banking system under the direct influence of the central bank. The bankers believe that an excellent opportunity has been missed at this decennial review of the banking legislation to prevent the growth of a two-tier financial system.

Mr. Gerald K. Bouey, Governor of the Bank of Canada, in his remarks to your Committee on January 24, 1979 (as noted, in the section of this report dealing with Part III—The Bank of Canada Act amendments) indicated that the power of the Bank of Canada to accept deposits is being extended to include the acceptance of deposits from non-bank members of the CPA and the granting of temporary credit facilities to them when unexpectedly large clearing settlements occur.

As a result of its studies your Committee has a number of recommendations to make concerning the Canadian Payments Association Act.

In its brief to your Committee concerning Part IV of Bill C-15 the Canadian Bankers' Association commented as follows:

> "The two main aspects of the payments system—one the "clearings" and the other the "settlement"—call for essential but different attributes for success.
>
> "The first requires the establishment, maintenance and enforcement of exacting standards for preparation and processing of masses of paper. This function is carried on mainly within the institutions. It is an expensive function, because of the use of staff time and advanced technology. Standards now in effect are those developed over many years by The Canadian Bankers' Association. They are exacting in detail and are rigorously enforced.
>
> "The settlement function by contrast rests on the daily solvency of the institutions involved. If a bank or other cheque-issuing agency cannot meet its indebtedness to another organization for cheques issued against it and accepted by that other agency it is in serious trouble. In fact both organizations may be in serious trouble. Such situations have not created problems in the past because near-banks have been sponsored by a chartered bank which has in effect guaranteed their solvency. The chartered bank in turn has had access to the Bank of Canada as a lender of last resort if it faced a temporary shortage for any reason.
>
> "It is not surprising that the prospect of replacing the present system with a new and untried set of arrangements gives the bankers some concern." (Brief C.B.A. pp. 38 and 39)"

Part IV of Bill C-15 provides that membership in the CPA is available to any institution which can establish that it meets the three tests of membership eligibility as set out in Subsection 52(2) which are generally as follows:

1) it is a central, a trust company, a loan company or any other institution other than a credit union that accepts deposits transferable by order to a third party; and

2) it meets the requirements of section 78 in that it is a member of the Canada Deposit Insurance Corporation, or a member of the Canadian Co-Operative Credit Society Limited and has been granted a certificate under the Cooperative Credit Associations Act or has deposits made with it insured or guaranteed under a provincial enactment as therein set out; and

3) it is able to meet the requirements of the bylaws of the CPA.

The Act does not require that before being admitted to membership an applicant must be able to meet minimum standards of liquidity and financial stability upon which other members can rely with confidence as to the applicant's ability to meet its settlement obligations with the other members. In your Committee's opinion the Bill should include a requirement for all members to meet minimum standards of liquidity and financial soundness. In the initial instance this minimum standard should be developed by the present members of the Canadian Bankers Association (who are, by the terms of the Bill, automatically the first members of the CPA in any event) subject to the approval of the Inspector General of Banks and incorporated in the initial by-laws of the CPA. Future changes to such by-laws will be subject to approval of the members of the CPA voting in accordance with the provisions of the legislation. There are of course other aspects of the problem of assuring that members are able to meet the financial obligations of membership and these are covered in the recommendations which follow.

Even though the White Paper proposal that all near-banks which accept deposits transferable by order be members of the CPA is not now incorporated in the Bill, Sections 56 and 57 provide for eleven directors, one of which will be appointed by the Bank of Canada, and ten from four interest groups, namely banks, centrals, trust and loan companies, and other financial institutions. The number of directors in each class is distributed by regulation to the banks 5, centrals 2, trust and loan companies 2, and other financial institutions 1. The effect of this is to remove control of the Association's board of directors from the banks, whose current members will be substantially enlarged by the addition of Canadian subsidiaries of foreign banks as well as other financial institutions electing to incorporate as banks. The result is that non-bank members will have equal influence in spite of the fact that the present banks possess the practical experience gained from 78 years of operating the clearing system. The anomaly is underscored by the CBA who point out in their bill that banks are responsible for almost 90% of the volume of items and 98% of the value of all items cleared.

The Bill attempts to recognize this absence of control by the banks notwithstanding their continuing predominance in the clearing systems, by providing them with some protection flowing from the requirement that all member votes on penalties and operating and capital budgets will be in proportion to dues paid rather than in proportion to the number of directors elected. In addition the Bill contemplates that the Bank of Canada shall have a representative on the Board of Directors of the CPA who shall be the Chairman of the Board and who will have a casting vote. This is obviously a provision intended to provide a balance as between the interest groups represented on the Board.

Your Committee is of the opinion that, while the bankers are undoubtedly correct in their assertion that their interests, having in mind volumes and values of transactions, are inadequately protected in a numerical sense on the Board of the CPA, the provisions of the Bill above referred to should effectively insure that this new entity is launched within a reasonably democratic framework with adequate safeguards for the most meaningful interests involved without any one interest group being in a position of absolute control.

During our study of Bill C-15 your Committee received representations from the Consumers Association of Canada (CAC). The CAC expressed concern over the failure of the Canadian Payments Association Act and the Regulations as proposed to provide consumers at large with representation on the CPA's Board of Directors. The CAC believes that such consumers have a very direct interest in the CPA objective of planning of a national payments system and thus that they ought to have the right to appoint four members to the CPA Board in addition to the eleven called for under the Act. While your Committee appreciates the concerns of the CAC we believe the positions of all consumers are adequately protected by way of the authority assigned under the Bill to the Inspector General of Banks, the Governor in Council, the Bank of Canada, and by reason of the division of Board of Directors into four classes of membership.

Given removal of overall control from the banks and the need to maintain the implicit confidence of each member in the other in order to operate the CPA effectively your Committee is concerned that the by-laws of the Association may not adequately provide for the continuation of the present operating and administrative rules and procedures which are extremely detailed and important. As pointed out by the Inspector General of Banks in his testimony: (Committee Proceedings Nov. 8, 1978 3:9)

> "Indeed, it is generally anticipated that, in the early days at least, the rules that will be adopted will, by and large, be those that are in place now. Those rules, of course, have been put in place by the Canadian Bankers Association. So, at least in the first instance there is not going to be very much change."

To ensure that the CPA maintains such continuity, stability and confidence your Committee believes that it would be advisable to require that the CPA continue the present clearing and settlement of payment rules for a specified period of time.

Finally, and in order to provide an appropriate mechanism for launching this important organization, your Committee is of the view that, consistent with its concept for the establishment of initial standards of liquidity and financial soundness, those institutions which will be required to be members of the CPA by law should establish, subject to the approval of the Bank of Canada, the formulae necessary to set Clearing Settlement Cash Reserves, such formulae to be included in the initial by-laws of the CPA. Thereafter, as experience dictates, the formulae can be altered or amended in accordance with the views of the Board of Directors.

RECOMMENDATIONS:

YOUR COMMITTEE MAKES THE FOLLOWING RECOMMENDATIONS:

1. THAT THOSE INSTITUTIONS WHICH, BY THE TERMS OF BILL C-15, ARE REQUIRED BY LAW TO BE MEMBERS OF THE CPA, ESTABLISH, SUBJECT TO THE APPROVAL OF THE INSPECTOR GENERAL OF BANKS, INITIAL MINIMUM STANDARDS OF LIQUIDITY AND FINANCIAL SOUNDNESS FOR MEMBERSHIP IN THE CPA AND THAT APPLICANTS FOR MEMBERSHIP BE REQUIRED TO SATISFY THE DIRECTORS OF THE CPA OF THEIR ABILITY TO MEET SUCH STANDARDS, SUCH STANDARDS SHOULD BE INCORPORATED IN THE BY-LAWS OF THE CPA AND THEREAFTER THE DIRECTORS MAY ALTER, AMEND OR VARY SUCH STANDARDS FROM TIME TO TIME BY AMENDMENT TO THE BY-LAWS.

2. THAT PART IV OF BILL C-15 BE AMENDED SO THAT ALL MEMBERS OF THE CPA WILL BE REQUIRED TO MAINTAIN AN ACCOUNT WITH THE BANK OF CANADA, THAT THE BANK OF CANADA SHALL EXTEND TO ALL SUCH MEMBERS A LENDER OF LAST RESORT FACILITY, AND THAT SETTLEMENT FOR THE CLEARING BALANCES TAKE PLACE ON SUCH ACCOUNTS WITH THE BANK OF CANADA. FURTHER YOUR COMMITTEE RECOMMENDS THAT THE FOLLOWING PROPOSED PROVISION BE INCLUDED AS SECTION 78.1 OF PART IV (CANADIAN PAYMENTS ASSOCIATION ACT) OF BILL C-15 WHICH WOULD HAVE THE EFFECT, INTER ALIA, OF PERMITTING CHARTERED BANKS TO UTILIZE THEIR CASH RESERVES DEPOSITED WITH THE BANK OF CANADA FOR SETTLEMENT PURPOSES:

> "78.1 Notwithstanding any provisions of this Act, a member shall maintain, for the purpose of settlement of payment items, such balances in the form of deposits in Canadian currency with the Bank of Canada as may be required by by-law, provided that where a member maintains a reserve in the form of deposits in Canadian currency with the Bank of Canada pursuant to the requirements of any statute, such deposits shall be deemed for purposes of any by-law referred to in this section to be balances maintained for the purpose of settlement of payment items, and if so required by by-law, a member shall have an agreement with the Bank of Canada entitling the member to borrow from the Bank of Canada such amounts as are required by by-law."

FURTHER YOUR COMMITTEE RECOMMENDS THAT THOSE INSTITUTIONS WHICH, BY THE TERMS OF THE BILL ARE REQUIRED BY LAW TO BE MEMBERS OF THE CPA, ESTABLISH, SUBJECT TO THE APPROVAL OF THE BANK OF CANADA, INITIAL FORMULAE FOR FIXING SUCH CLEARING SETTLEMENT CASH RESERVES. SUCH FORMULAE SHALL BE INCORPORATED IN THE BY-LAWS OF THE CPA AND THEREAFTER THE DIRECTORS OF THE CPA MAY ALTER, AMEND OR VARY SUCH FORMULAE, FROM TIME TO TIME BY AMENDMENT TO THE BY-LAWS.

3. THAT THE PROVISION OF SECTION 52(6) BE EXTENDED TO COVER, IN ADDITION TO CREDIT UNIONS, ANY DEPOSIT-TAKING INSTITUTION

SEEKING MEMBERSHIP IN THE CPA. THIS PROVISION SHOULD REQUIRE THE INSPECTOR GENERAL WORKING WITH HIS PROVINCIAL COUNTERPART IN THE CASE OF PROVINCIALLY INCORPORATED INSTITUTIONS, TO DETERMINE WHETHER AN INSTITUTION APPLYING FOR MEMBERSHIP IS SOLVENT AND TO DETERMINE WHETHER IT WILL BE ABLE TO COMPLY WITH THE CLEARING ARRANGEMENTS AND BY-LAWS OF THE ASSOCIATION.

4. THAT PART IV OF BILL C-15 BE AMENDED SO AS TO REQUIRE ALL MEMBERS OF THE CPA TO AUTHORIZE AND DIRECT AGENCIES, OTHER THAN THE INSPECTOR GENERAL OF BANKS, WHICH PERFORM ANNUAL INSPECTIONS, TO FURNISH TO THE INSPECTOR GENERAL OF BANKS THE RESULTS OF SUCH INSPECTIONS, TOGETHER WITH ANY INFORMATION WHICH MIGHT CAUSE SUCH AN AGENCY TO HAVE CONCERN FOR THE FINANCIAL STABILITY OF A DEPOSIT TAKING INSTITUTION UNDER ITS JURISDICTION.

5. THE CPA ACT BE AMENDED TO EMPOWER THE BOARD OF THE CPA TO SUSPEND A MEMBER WHERE THE MEMBER CEASES TO MEET THE REQUIREMENTS LAID DOWN IN THE ACT, REGULATIONS OR BY-LAWS. THE BOARD SHOULD FURTHER BE EMPOWERED TO EXPEL A MEMBER WHO PERSISTENTLY FAILS TO MEET THE REQUIREMENTS OF THE ACT, REGULATION OR BY-LAWS OF THE ASSOCIATION. A MEMBER AGAINST WHOM A SUSPENSION OR EXPULSION HAS BEEN EFFECTED UNDER THE BY-LAWS OF THE ASSOCIATION SHALL HAVE A RIGHT OF APPEAL TO THE INSPECTOR GENERAL OF BANKS AND THERE SHALL BE A FURTHER RIGHT OF APPEAL FROM THE INSPECTOR GENERAL TO THE FEDERAL COURT OF CANADA.

6. THAT THE ASSURANCES OF BACKING PROVIDED BY CLEARING AGENTS FOR ITEMS DRAWN ON THEIR CLIENT INSTITUTIONS SIMILAR TO THOSE PROVIDED UNDER ARTICLE 24 OF THE BY-LAWS OF THE CANADIAN BANKERS' ASSOCIATION BE INCORPORATED IN THE LEGISLATION OR REGULATIONS OF THE CPA.

7. THAT THE CPA ACT SHOULD REQUIRE THAT CENTRALS BE FINANCIALLY RESPONSIBLE FOR THE INSTRUMENTS OF THEIR MEMBER CREDIT UNIONS PRESENTED TO THEM IN THE CLEARING EXCHANGES IN THE SAME WAY AS BANKS AND OTHER FINANCIAL INSTITUTIONS ARE RESPONSIBLE FOR ALL INSTRUMENTS DRAWN ON THEIR BRANCHES.

8. THAT SECTION 79 OF PART IV OF BILL C-15 BE AMENDED TO PROVIDE THAT THE DEFINITION OF "PRIORITY ITEM" BE EXTENDED TO COVER ALL INSTRUMENTS WRITTEN DIRECTLY OR INDIRECTLY ON A MEMBER OF THE CPA, WHETHER OR NOT THE ITEM IS PAYABLE TO ANOTHER MEMBER INITIALLY OR AS A RESULT OF ANY ENDORSEMENT.

9. THAT SECTION 77 OF PART IV OF BILL C-15 BE AMENDED TO READ: "EVERY MEMBER MAY PRESENT PAYMENT ITEMS AND SHALL ACCEPT AND ARRANGE FOR SETTLEMENT, IN ACCORDANCE WITH THE BY-LAWS AND THE RULES OF PAYMENT ITEMS DRAWN ON OR ISSUED BY ITSELF OR DRAWN ON A MEMBER FOR WHICH IT ACTS AS A CLEARING MEMBER."

10. THAT SECTION 50(1) OF PART IV OF BILL C-15 BE AMENDED SO AS TO PROVIDE NEW DEFINITIONS FOR "CENTRAL COOPERATIVE CREDIT SOCIETY", "LOCAL COOPERATIVE CREDIT SOCIETY" AND "FEDERATION OF COOPERATIVE CREDIT SOCIETIES" SO AS TO PROVIDE UNIFORMITY OF DEFINITIONS IN THE CANADIAN PAYMENTS ASSOCIATION ACT, THE BANK ACT, AND THE QUEBEC SAVINGS BANKS ACT.

11. THAT THE WORD "MAY" IN THE FIRST LINE OF SECTION 67(1) BE CHANGED TO "SHALL" TO REQUIRE THE ASSOCIATION TO MAKE BY-LAWS COVERING THE ITEMS LISTED IN SUB-SECTIONS (a) THROUGH (g) INCLUSIVE.

12. THAT HAVING REGARD TO THE DISTRIBUTION OF DIRECTORS BETWEEN THE FOUR CLASSES OF MEMBERS, SUB-SECTION 67(1) (a) OF PART IV OF BILL C-15 BE AMENDED SO AS TO PROVIDE FOR THE QUORUM OF A MEETING OF THE BOARD OF DIRECTORS OF THE ASSOCIATION TO BE ESTABLISHED BY THE BY-LAWS.

13. THAT SUBSECTION 71(1) BE AMENDED SO THAT THE BOARD SHOULD HAVE AN OPERATING AND CAPITAL BUDGET PREPARED FOR EACH FISCAL YEAR FOR SUBMISSION TO THE MEMBERS AT A MEETING TO BE CALLED SPECIFICALLY FOR THE CONSIDERATION OF THESE BUDGETS NO LATER THAN 2 MONTHS BEFORE THE BEGINNING OF THE FISCAL YEAR TO WHICH THE BUDGETS APPLY; THAT SECTION 72(1) BE SIMILARLY AMENDED, AND SECTION 73(1) AS A CONSEQUENCE BE AMENDED TO REMOVE THE REQUIREMENTS FOR BUDGETS TO BE CONSIDERED AT THE ANNUAL MEETING.

14. IN VIEW OF THE LONG EXPERIENCE OF BANKS IN OPERATING THE PRESENT CLEARING AND SETTLEMENTS SYSTEMS THE REGULATIONS PASSED PURSUANT TO THE CPA SHOULD INCLUDE A PROVISION ESTABLISHING A TWO YEAR TRANSITIONAL PERIOD DURING WHICH THE CURRENT ADMINISTRATIVE CONTROL POLICIES AND PROCEDURES PROVIDED TO THE CLEARING AND

SETTLEMENT SYSTEM BY THE CBA, THROUGH THE CHARTERED BANKS, SHALL BE MAINTAINED IN FORCE IN ORDER TO PERMIT AN ORDERLY PHASING-IN OF THE NEW ADMINISTRATIVE CONTROL POLICIES AND PROCEDURES OF THE CPA AND AS INSURANCE AGAINST UNFORESEEN DIFFICULTIES IN DEVELOPING AND IMPLEMENTING THE PROPOSED NEW ELECTRONIC FUNDS TRANSFER SYSTEM.

During the course of your Committee's consideration of Bill C-15 and prior to the completion of the within report, the Minister of Finance made available a set of proposed draft amendments covering a variety of subjects. In view of the fact that this document was in draft form, your Committee has considered these amendments only from the standpoint of the concept contained therein and not with a view to assessing the adequacy of the proposed statutory language. A study of the report will illustrate occasions where the concept has been reviewed by your Committee.

CONCLUSION:

Your Committee wishes to express its appreciation for the services rendered in the review of the bill by Messrs. John F. Lewis and David W. Scott.

Your Committee has examined and considered the subject-matter of Bill C-15 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

Salter A. Hayden,
*Chairman.*

## APPENDIX "A"

| (Amounts are in millions Dec. 31) | Amount of Conventional Residential Mortgage Outstanding | Banks' Deposits and Debentures | 10% Limit | Percent of Limit | Excess Capacity |
|---|---|---|---|---|---|
| 1967 | $ 91 | $22,703 | $2270 | 4.0 | $2179 |
| 1968 | $ 212 | $24,619 | $2462 | 8.61 | $2250 |
| 1969 | $ 326 | $27,376 | $2738 | 11.91 | $2412 |
| 1970 | $ 357 | $29,928 | $2993 | 11.92 | $2636 |
| 1971 | $ 627 | $35,801 | $3580 | 17.51 | $2953 |
| 1972 | $ 958 | $41,226 | $4123 | 23.24 | $3165 |
| 1973 | $1674 | $49,222 | $4922 | 29.4 | $3258 |
| 1974 | $2707 | $59,577 | $5958 | 45.63 | $3251 |
| 1975 | $3496 | $67,825 | $6782 | 51.55 | $3286 |
| 1976 | $3802 | $77,942 | $7794 | 48.78 | $3992 |
| 1977 | $4590 | $89,967 | $8998 | 51.01 | $4408 |

(SOURCE: Bank of Canada Review)

## APPENDIX "B"

### APPROVALS FOR RESIDENTIAL MORTGAGES $ MILLIONS NEW AND EXISTING HOUSING

| TOTAL | Banks* | Trust and Mortgage Loan Co.* | Life Ins. Co. | CMHC | Other Lending Institutions** | Total |
|---|---|---|---|---|---|---|
| 1967 | $230 | $841 | $629 | $727 | $57 | $2484 |
| 1968 | 429 | 1138 | 687 | 505 | 113 | 2872 |
| 1969 | 365 | 1425 | 432 | 608 | 139 | 2969 |
| 1970 | 493 | 1277 | 217 | 932 | 134 | 3053 |
| 1971 | 1104 | 2143 | 427 | 738 | 159 | 4571 |
| 1972 | 1486 | 2708 | 523 | 535 | 183 | 5435 |
| 1973 | 2188 | 3872 | 743 | 445 | 168 | 7416 |
| 1974 | 1902 | 3358 | 560 | 824 | 131 | 6775 |
| 1975 | 2786 | 5214 | 749 | 1150 | 249 | 10148 |
| 1976 | 2811 | 5826 | 1186 | 580 | 379 | 10782 |
| 1977 | 4604 | 7973 | 1610 | 352 | 422 | 14961 |

* Approvals by mortgage affiliates of Chartered Banks are included with Trust and Mortgage Loan Companies.

** Quebec Savings Banks, Mutual Benefit and Fraternal Societies.

Source: Lending Institutions: CMHC released B30-34, B47-51 CMHC: *Bank of Canada Review*

## APPENDIX "C"

### MAJOR LENDERS' PERCENTAGE SHARE OF APPROVALS FOR RESIDENTIAL MORTGAGE NEW AND EXISTING HOUSING

| TOTAL | Banks* | Trust and Mortgage Loan Co.* | Life Insurance Companies | CMHC | Other Lending Institutions** |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| 1967 | 9.2 | 33.9 | 25.3 | 29.3 | 2.3 |
| 1968 | 15.0 | 39.6 | 23.9 | 17.6 | 3.9 |
| 1969 | 12.3 | 48.0 | 14.5 | 20.5 | 4.7 |
| 1970 | 16.2 | 41.8 | 7.1 | 30.5 | 4.4 |
| 1971 | 24.2 | 46.9 | 9.3 | 16.1 | 3.5 |
| 1972 | 27.3 | 49.8 | 9.6 | 9.9 | 3.4 |
| 1973 | 29.5 | 52.2 | 10.0 | 6.0 | 2.3 |
| 1974 | 28.1 | 49.5 | 8.3 | 12.2 | 1.9 |
| 1975 | 27.5 | 51.4 | 7.4 | 11.3 | 2.4 |
| 1976 | 20.1 | 54.0 | 11.0 | 5.4 | 3.5 |
| 1977 | 30.8 | 53.3 | 10.8 | 2.3 | 2.8 |

* Approvals by mortgage affiliates of Chartered Banks are included with Trust and Mortgage Loan Companies.

** Quebec Savings Banks, Mutual Benefit and Fraternal Societies.

## APPENDIX "D"

### RESIDENTIAL MORTGAGES OUTSTANDING
### $ MILLIONS
December 31

| | Banks Including Mortgage Affiliates* | Trust and Mortgage Co. ex Bank Affil.* | Quebec Savings Banks | CMHC | Total Selected Lenders | Life Insurance Co. & Fraternal Benefit Societies | Total "Lending" Institutions |
|---|---|---|---|---|---|---|---|
| 1967 | $954 | $3832 | $241 | $3182 | $8209 | | |
| 1968 | 1209 | 4197 | 253 | 3533 | 9192 | | |
| 1969 | 1601 | 4797 | 269 | 3905 | 10572 | | |
| 1970 | 1899 | 5459 | 306 | 4379 | 12043 | | |
| 1971 | 2854 | 6195 | 321 | 4971 | 14341 | | |
| 1972 | 4122 | 7392 | 341 | 5423 | 17278 | | |
| 1973 | 5727 | 9333 | 388 | 5658 | 21106 | | |
| 1974 | 7407 | 11202 | 450 | 6194 | 25253 | | |
| 1975 | 9478 | 13214 | 515 | 6829 | 30036 | | |
| 1976 | 11444 | 15842 | 618 | 7427 | 35331 | $5702 | $41033 |
| 1977 | 14896 | 18794 | 671 | 7735 | 42096 | 6293 | 48389 |

### PERCENTAGE SHARE OF RESIDENTIAL MORTGAGE HOLDINGS OF SELECTED LENDERS

| | Banks | Trust and Mortgage Co. | Quebec Savings Banks | CMHC |
|---|---|---|---|---|
| | % | % | % | % |
| 1967 | 11.6 | 46.7 | 2.9 | 38.8 |
| 1968 | 13.2 | 45.7 | 2.7 | 38.4 |
| 1969 | 15.1 | 45.4 | 2.5 | 36.9 |
| 1970 | 15.8 | 45.3 | 2.5 | 36.4 |
| 1971 | 19.9 | 43.2 | 2.2 | 34.7 |
| 1972 | 23.9 | 42.8 | 2.0 | 31.4 |
| 1973 | 27.1 | 44.2 | 1.9 | 26.8 |
| 1974 | 29.3 | 44.4 | 1.8 | 24.5 |
| 1975 | 31.5 | 44.1 | 1.7 | 22.7 |
| 1976 | 32.4 | 44.8 | 1.8 | 21.0 |
| 1977 | 35.4 | 44.6 | 1.6 | 18.4 |

### PERCENTAGE SHARE OF RESIDENTIAL MORTGAGES HOLDINGS OF "LENDING" INSTITUTIONS

| | Banks | Trust and Mortgage Co. | Quebec Savings Banks | CMHC | Life Insurance Co. & Fraternal Benefit Societies |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| 1976 | 27.9 | 38.6 | 1.5 | 18.1 | 13.9 |
| 1977 | 30.8 | 38.8 | 1.4 | 16.0 | 13.0 |

Sources: Banks and QSB: *Bank of Canada Review*; Trust, Mortgage and Life Insurance Companies: Statistics Canada, *Financial Statistics*; CMHC: *Canadian Housing Statistics*.

*Note on figures prior to 1972 for Banks and Trust and Mortgage Companies: estimates were used for the non-residential portion of outstandings, and mortgage affiliates of the Banks were estimated from figures for individual companies.

## APPENDIX "E"

### SCHEDULE I

### APPROVALS OF RESIDENTIAL MORTGAGES EXCLUDING CMHC MORTGAGES

(MILLIONS)

| | TOTAL | BANKS* | TRUST AND LOAN CO. | OTHER |
|---|---|---|---|---|
| 1967 | $ 1,757 | $ 230 | $ 841 | $ 686 |
| 1968 | $ 2,367 | $ 429 | $1,138 | $ 800 |
| 1969 | $ 2,361 | $ 365 | $1,425 | $ 571 |
| 1970 | $ 2,121 | $ 493 | $1,277 | $ 351 |
| 1971 | $ 3,833 | $1,104 | $2,143 | $ 586 |
| 1972 | $ 4,900 | $1,486 | $2,708 | $ 716 |
| 1973 | $ 6,971 | $2,188 | $3,872 | $ 911 |
| 1974 | $ 5,951 | $1,902 | $3,358 | $ 691 |
| 1975 | $ 8,998 | $2,786 | $5,214 | $ 998 |
| 1976 | $10,202 | $2,811 | $5,826 | $1,565 |
| 1977 | $14,609 | $4,604 | $7,972 | $2,033 |

### SCHEDULE II

### COMPARISONS OF PROPORTION OF MARKET SHARES APPROVALS OF RESIDENTIAL MORTGAGES (EXCLUDING CMHC MORTGAGES)

| | BANKS | TRUST AND LOAN CO. | OTHER |
|---|---|---|---|
| 1967 | 13.09% | 47.87% | 39.04% |
| 1968 | 18.12% | 48.08% | 33.80% |
| 1969 | 15.46% | 60.36% | 24.18% |
| 1970 | 23.24% | 60.21% | 16.55% |
| 1971 | 28.80% | 55.91% | 15.29% |
| 1972 | 30.33% | 55.27% | 14.60% |
| 1973 | 31.39% | 55.54% | 13.07% |
| 1974 | 31.96% | 56.43% | 11.61% |
| 1975 | 30.96% | 57.95% | 11.09% |
| 1976 | 27.55% | 57.11% | 15.34% |
| 1977 | 31.51% | 54.58% | 13.91% |

Sources: Bank of Canada Review; CMHC; Canadian Housing Statistics, Trust Mortgage and Life Insurance Companies; Statistics Canada.

* Statistics for Banks Include Mortgage Loan Companies Owned by Banks.

# THE SENATE

**Friday, March 16, 1979**

The Senate met at 2 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem,* in the Chair.

Prayers.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tem* informed the Senate that he had received the following communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 16, 1979

Madam,

I have the honour to inform you that His Excellency the Governor General of Canada will proceed to the Senate Chamber today, the 16th day of March, at 4.15 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Kempling had been substituted for that of Mr. Hnatyshyn on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

## DOCUMENTS TABLED

**Senator Langlois** tabled:

Report, dated February 1979, of the Law Reform Commission of Canada entitled "Theft and Fraud", pursuant to section 18 of the Law Reform Commission Act, Chapter 23 (1st Supplement), R.S.C., 1970.

The Senate adjourned during pleasure.

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At 4.10 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

At 4.15 o'clock His Excellency the Governor General proceeded to the Senate chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their Speaker, His Excellency was pleased to give the Royal Assent to the following bill:

An Act to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been granted to proceed to Notices of Motions:

**Senator Petten,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting on Tuesday, March 20, 1979, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1630)

**Senator Grosart:** Before the honourable senator proceeds to other business I would ask if he has received notice that

another committee wishes to meet while the Senate is sitting next Tuesday?

**Senator Petten:** There is no other motion that a committee be allowed to meet while the Senate is sitting, but there will be other committees meeting on Tuesday. I will mention them when I move the adjournment motion.

**Senator Grosart:** I ask that question because there is one other committee that I know has scheduled a meeting for Tuesday at 3.30 p.m., at which two ministers and their officials will be present. I have reason to believe that had the chairman known that the Senate would not be sitting on Monday night, he would have moved a similar motion on behalf of the National Finance Committee. I have been in communication with him on another matter, and that was his assumption. I am wondering, not having had written notice, if I might have leave of the Senate to dispense with the notice, and, on behalf of Senator Everett, move a similar motion, notwithstanding rule 45(1)(a), to allow the National Finance Committee to meet, if necessary, while the Senate is sitting on Tuesday.

**Senator Petten:** I do not object to that. I note that the list of Senate committee meetings for next week indicates that the National Finance Committee will be meeting at 3.30 p.m. on Tuesday. Are you now suggesting that the committee not meet at 3.30 p.m.?

**Senator Grosart:** That is my only reason for raising the matter.

**Senator Petten:** I have no objection.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, March 20, 1979, at 8 o'clock in the evening.

Before the question is put, I should like to give a brief outline of our work for next week. On Tuesday evening we will be dealing with items on the Order Paper, and Senator Hayden will call the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-15, the Banks and Banking Law Revision Act, notice of which was given yesterday. I am informed that Bill C-42, the Energy Supplies Emergency Bill, will receive third reading in the other place early next week, and that a supply bill may be passed later in the week.

The committee schedule for next week is as follows: On Tuesday the Special Committee on the Constitution will hold an *in camera* meeting at 10.30 a.m. The Special Committee on Retirement Age Policies will meet at 2 p.m.; the Standing Senate Committee on National Finance will meet at 3.30 p.m. to review the recommendations contained in its report on the accommodation program of the Department of Public Works; and the Standing Senate Committee on Agriculture will also meet at 3.30 p.m. to consider Bill S-13, the Beef Import Bill. The subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs dealing with off-track betting will meet at 8.30 p.m., and it is my understanding that the minister will appear before the committee at that time.

On Wednesday, the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. and 2.30 p.m., and the Standing Senate Committee on National Finance will hold an *in camera* meeting when the Senate rises.

On Thursday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m., also at 9.30 a.m. the National Finance Committee will meet to continue its examination of the DREE estimates, and the Agriculture Committee will meet to consider Bill S-13, the Beef Import Bill. The Standing Joint Committee on Regulations and other Statutory Instruments has scheduled a meeting for 11 a.m. on Thursday.

Honourable senators, Senator Grosart asked me whether I had any objection to another committee meeting while the Senate is sitting. I have no objection to it, unless another committee has already scheduled a meeting that I do not know of. As you know, we cannot have more than two committees meeting while the Senate is sitting.

**Senator Grosart:** Perhaps I should just say that the information I have now would make that motion unnecessary.

Motion agreed to.

The Senate adjourned until Tuesday, March 20, at 8 p.m.

# THE SENATE

**Tuesday, March 20, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Canadian Human Rights Commission for the calendar year 1978, pursuant to section 47(1) of the Canadian Human Rights Act, Chapter 33, Statutes of Canada, 1976-77.

Reports of the Administrator under the Anti-Inflation Act, dated March 14, 1979, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Rural Municipality of Ritchot, St. Adolphe, Manitoba.

2. Board of Education for the City of London, Ontario.

3. Corporation of the Town of Alexandria, Ontario.

Reports of operations under the Fisheries Development Act for the fiscal years ended March 31, 1976, 1977 and 1978, pursuant to section 10 of the said Act, Chapter F-21, R.S.C., 1970.

Reports of the Anti-Inflation Board to the Governor in Council, dated March 16, 1979, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. The Canadian Red Cross Society and its Montreal laboratory technologists, represented by the Union of Laboratory Technologists of the Red Cross (CNTU).

2. The Canadian National Institute for the Blind and certain of its Saskatchewan South-District employees, represented by the Saskatchewan Insurance, Office and Professional Employees Union, Local 397.

3. Transport D'Anjou Inc. and its employees represented by La Fraternité canadienne des Cheminots, employés des transports et autres ouvriers Local 520.

## PUBLIC BILLS

SUSPENSION OF RULES—NOTICE OF MOTION

**Senator Perrault:** Honourable senators, I give notice that tomorrow, Wednesday, March 21, 1979, I will move:

That until Friday, April 13, 1979, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

**Senator Flynn:** Not again. Oh, la, la!

**Senator Perrault:** Routine.

**Senator Flynn:** Routine? I have heard that before. You should start to worry about that. Don't try that again.

**Senator Langlois:** Another threat.

## ENVIRONMENTAL AFFAIRS

PROTECTION AGAINST SPILLS FROM OIL TANKERS—QUESTION

**Senator Marshall:** Honourable senators, the breakup of the British oil tanker *Kurdistan* in the Cabot Strait focuses attention on the increasing number of incidents of potential oil spills. In view of the danger that exists because foreign vessels lack adequate protective measures, and because of the serious threat to Atlantic Canada's fisheries, as well as to other aspects of the environment, would the Leader of the Government inquire as to what the government intends to do by way of establishing guidelines to ensure that vessels transporting oil in Canadian waters meet adequate protective standards?

**Senator Perrault:** Honourable senators, the question will be taken as notice. As Senator Marshall knows, the situation is now under review by the Minister of Fisheries and the Environment.

**Senator Marshall:** I have a supplementary question. In view of the repeated incidents that have taken place, would the leader also inquire as to whether the government intends to establish a Canadian capability to transport oil in Canadian waters in order to ensure the protection of our environment?

**Senator Perrault:** Honourable senators, that additional question will be taken as notice.

**Senator Smith (Colchester):** Honourable senators, I have a question that is also related to the breakup of the British oil tanker *Kurdistan*. Has a decision yet been made by the government as to what disposition will be attempted of the two component parts of the tanker?

**Senator Perrault:** Honourable senators, I will hopefully have the specifics available for tomorrow afternoon.

## PUBLIC BILLS

SUSPENSION OF RULES—QUESTION

**Senator Flynn:** Honourable senators, in view of the notice given by the Leader of the Government relating to the suspension of certain rules until April 13, I would ask him to explain the reasons why he wants to impose closure on the Senate for the next three weeks.

What has happened in the Senate as far as the opposition is concerned—certainly not as far as the government side is concerned—that would justify the imposition of closure in the way that is suggested.

**Senator Langlois:** It is not closure.

**Senator Flynn:** If it is not closure, what is it?

**An Hon. Senator:** We are forcing you to work for a change.

**Senator Flynn:** Did I hear you correctly, Senator Haidasz? I heard you, but it was not very intelligible, I must say.

**Senator Haidasz:** Read *Hansard* tomorrow.

**Senator Flynn:** I will. I hope *Hansard* heard it.

**Senator Perrault:** Honourable senators, I suggest that the question of the Leader of the Opposition is out of order. I have given my notice of motion this evening, and there will be a full opportunity to debate that motion tomorrow. We are now in Question Period when honourable senators may exercise the right to direct questions on relevant matters. We are not debating the proposed motion at this time.

**Senator Flynn:** I am asking the Leader of the Government if there is any reason for his giving this notice of motion.

**Senator Perrault:** I will be pleased to set forth some of the reasons tomorrow.

**Senator Flynn:** Not all!

**Senator Perrault:** Events may transpire between now and tomorrow which remove the necessity for this kind of motion.

**Senator Flynn:** I have gone through this exercise before.

## FISHERIES

### ADVERSE PUBLICITY OF SEAL HUNT—UNITED STATES CONGRESSIONAL RESOLUTION—QUESTION

**Senator Marshall:** Honourable senators, even though the seal hunt is drawing to a close, a Canadian Press story indicates that United States Congressman Jack Kemp is promoting a resolution expressing the need to protect vulnerable species of animals as one of the reasons why Canada should re-examine its policy in allowing the hunt.

I wonder if the Leader of the Government would obtain the reaction of the Minister of Fisheries and the Environment to this report and ascertain why such a thing gets Canadian Press recognition, especially in light of the fact that in June and July the Americans will be conducting a seal hunt in Alaska. This type of resolution is certainly hypocritical and falsely represents Canadians to the people of the United States. Would the Leader of the Government find out what the reaction has been?

**Senator Perrault:** The question will be taken as notice. All honourable senators are aware of and understand the deep interest on the part of Senator Marshall in the seal hunt and in other matters relating to conservation. Indeed, all senators are interested in these important questions.

[Senator Flynn.]

As far as conservation is concerned, we can point with pride to the fact that Canada provides one of the few havens remaining today for the greatly endangered American bald eagle. We can take great satisfaction in the fact that our country provides a key sanctuary and refuge for this magnificent bird—proud symbol of our American friends to the south.

## ENERGY

### PROPOSED NUCLEAR FUSION RESEARCH PROJECT—QUESTION

**Senator Austin:** Honourable senators, I have a question for the Leader of the Government. In light of the many press reports of the last few weeks to the effect that the United States and West Germany are considering a nuclear fusion program in Canada, I will ask the Leader of the Government to determine whether the Government of Canada has been approached officially by any foreign country to determine whether Canada is prepared to host a major study in nuclear fusion.

Also, would the Leader of the Government advise us as to whether the Provinces of Quebec and/or British Columbia have approached the federal government with the suggestion—

**Senator Flynn:** Which one do you want it to be in?

**Senator Austin:** —with the suggestion that they be the recipient provinces of such a program?

**Senator Perrault:** Honourable senators, the question is an important one. I understand that there has been interest.

**Senator Flynn:** Not the question; the problem.

**Senator Perrault:** While the question must be taken as notice, I understand that there has been interest expressed on the part of more than one country in the idea of having Canada designated as the site for a proposed world-scale nuclear fusion project. Among other factors, I understand that Canada's abundant supply of energy is an attraction. I understand that a project of this kind could only proceed in an area blessed with great amounts of low-cost power.

● (2010)

I understand that there have been some informal intergovernmental conversations with respect to the matter, but apparently there have been no meetings convened in Ottawa on the subject of this proposed fusion project.

**Senator Haidasz:** By way of a supplementary question, may I ask the leader whether the government has received any representations from Ontario, the greatest repository of uranium and nuclear science in the world, to have this nuclear fusion institute established in that province?

**Senator Perrault:** Honourable senators, I must take the question as notice. I speak only from a peripheral knowledge of the contacts which have been made to this time. I understand, however, that there have been informed conversations at a high level between Canada and the United States. At least it is my understanding that the subject has been broached for initial discussion.

**Senator Flynn:** Saskatchewan might be interested.

## REGIONAL ECONOMIC EXPANSION

### CANADA-NEWFOUNDLAND FORESTRY SUBSIDIARY AGREEMENT—QUESTION ON THE ORDER PAPER ANSWERED

Question No 12—**By Senator Marshall:**

1. What are the details of the expenditure of 8.4 million dollars under the announced extension to the Canada-Newfoundland Forestry Subsidiary Agreement?

2. What is the location of the half-million acres of underutilized freehold forest land purchased by the Newfoundland government through the agreement?

3. Where are the resource roads located that have been built to permit easier access to timber stands for harvesting, insect control and management?

4. In what areas is experimentation taking place with cable logging technology to remove timber from steep slopes and the integrated logging program?

5. In what areas have tree nurseries been established?

6. Under forest fire control, where are water bombers now stationed and where will the added water bombers be stationed?

*Reply by the Minister of Regional Economic Expansion:*

1. The $8.4 million will be spent on the continuation of the program undertaken under the Canada-Newfoundland Forestry Subsidiary Agreement as follows:

| | |
|---|---|
| Forest Management | $90,000 |
| Harvesting and Utilization | 449,000 |
| Access Roads | 3,052,940 |
| Forest Inventory | 831,500 |
| Forest Protection | 550,600 |
| Forest Improvement | 1,505,200 |
| Administration | 952,600 |
| Total | $8,431,840 |

2. Twenty-seven lots (181,781 acres) are located between Come-by-Chance and Port Blandford; four lots (79,867 acres) in the Terra Nova area; four lots (53,024 acres) in the Gambo-Freshwater Bay area; two lots (40,071 acres) in Bay of Exploits; two lots (35,999 acres) at Gaff Topsail; one lot (41,431 acres) on the north side of the Bay of Islands; one lot (14,528 acres) in the St. Barbe district; and one lot (18,496 acres) in the Baie Verte-White Bay area.

3. Resource roads are located as follows:

| | |
|---|---|
| Eastern Region | 84 miles |
| Central Region | 275 miles |
| Western Region | 286 miles |
| Labrador Region | 50 miles |
| Salvage | 68 miles |
| Total | 763 miles |

4. Cable logging experimentation has been taking place since the introduction of the Can-Car Ecologger to South West Brook in 1975. The 1976 trials were carried out near Red Indian Lake on Price Ltd. areas in the Costigan River Valley. During the 1977 trials, the Ecologger worked for a period of time near Costigan River and then was re-located in Tulk's Brook Valley, southwest of Red Indian Lake. In 1978, the Ecologger was transferred to an area of Bowater's operations southwest of Grand and Little Grand Lakes and continued its trials during 1978. A new Scottish machine called the Smith Timbermaster was introduced on Price limits in Tulk's Brook Valley.

The integrated logging was not practiced as a specific field project. However, efforts were made to contact and convince the pulp and paper companies as well as sawmillers to start integrated logging to produce both pulpwood and sawlogs. In fact, approximately 13 sawmillers are now producing both pulpwood and sawlogs in their harvesting operations.

5.

(i) One nursery is located at Woodale near Bishop's Falls on the bank of Peters River;

(ii) A second nursery is located at Mount Pearl near St. John's;

(iii) A third nursery is located near Goose Bay in Labrador.

6. Deployment of water bombers is determined by the Province. The water bomber fleet is deployed as follows during the fire season: Goose Bay—2, Deer Lake—1, Gander—3, St. John's—1.

## VETERANS AFFAIRS

### PENSION—CANADIAN FORCES LONG SERVICE PENSIONERS' ASSOCIATION—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 32—**By Senator Marshall:**

What action has the Government of Canada taken on recommendations submitted by the Canadian Forces Long Service Pensioners' Association for improving the status of service personnel, viz:

(a) the establishment of a funded pension plan,

(b) equality with the Federal Public Service,

(c) establishment of Canadian Armed Forces Technical College,

(d) broadening of the veteran's status,

(e) improvement of widow's status, and

(f) establishment of a Ministry of Pensions?

*Reply by the President of the Privy Council:*

I am informed by the Departments of National Defence and Veterans Affairs as follows:

The Association has been informed by DND of the following points:

(a) There are no plans to change the funding arrangements set out in the Canadian Forces Superannuation Act (CFSA) at present. Also, there is no anticipated change in the current formula for calculating widows' allowance under CFSA.

(b) All vacancies within the federal public service are to be made available to servicemen. However, Canadi-

an Forces personnel are subject to the hiring guidelines determined by the Public Service Commission.

(c) The establishment of a Canadian Armed Forces Technical College is considered neither desirable nor cost effective at present. However, DND is achieving success in its continuing efforts with provincial associations of technicians and technologists to have Canadian Forces qualification recognized and accredited.

(e) See part (a) above.

(f) The Minister of National Defence is responsible for the Canadian Forces Superannuation Act.

Insofar as the Department of Veterans Affairs is concerned:

(d) Representations by the Association concerning the broadening of the veteran status have been reviewed. The provisions of the veterans legislation were designed to recognize short-term service in the armed forces and in certain civilian activities during war. Considerations relating to that type of service differ significantly from those which apply to career-oriented service in peacetime, recognizing at the same time that the latter represents public service of a high order. Because of the basic difference between the two types of service, there is no intention at the present time to broaden the terms of eligibility for veterans benefits based on wartime contributions to the national interest.

PENSIONERS' TRAINING—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 45—**By Senator Marshall:**

Are veterans still entitled to pensioners' training and, if so, how many were under training from (a) 1 April 1977 to 31 March 1978 and (b) 1 April 1978 to 31 December 1978?

*Reply by the Minister of Veterans Affairs:*

Assistance under the Pensioners' Training Regulations is still available to disability pensioners.

(a) 7.

(b) 6.

CANADIAN VETERANS OUTSIDE CANADA—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 46—**By Senator Marshall:**

Does the Department of Veterans Affairs have any staff providing assistance to Canadian veterans in countries other than Canada, and, if so, provide the numbers of that staff by program and location, together with the numbers of cases being administered?

*Reply by the Minister of Veterans Affairs:*

The Department of Veterans Affairs does not employ any staff outside of Canada for the purpose of administering assistance to Canadian veterans living abroad.

[Senator Marshall.]

PENSION ACT

7,549 recipients of war disability pension live outside of Canada. The Administration of these pensions is handled by the Canadian Pension Commission, Head Office, Ottawa, Ontario.

WAR VETERANS AND CIVILIAN WAR ALLOWANCES

898 recipients of War Veterans Allowance and Civilian War Allowance live outside of Canada. The administration of these allowances is handled by a Foreign Countries District Authority located in the Ottawa District Office (staff of two with assistance from Ottawa Veterans Allowance District Authority when needed).

TREATMENT

There is a Head Office staff of eleven persons who administer all aspects of treatment benefits including those receiving benefits outside of Canada.

SERVICES OF PENSIONS ADVOCATES

Applicants in the United States are provided service through the Ottawa District Office. This office has three persons and they submit approximately twelve claims per month on behalf of such applicants.

Applicants living outside Canada and the United States are provided service through the North Bay District Office. This office has two persons and they submit approximately eight claims per month.

At Head Office there is a staff of 15 persons who administer all aspects of pension claims, including those from applicants residing outside Canada.

ASSISTANCE TO DISTRESSED OR NEEDY VETERANS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 47—**By Senator Marshall:**

How many veterans classified in distressed or needy circumstances were assisted, and what was the total amount of assistance given from (a) 1 April 1977 to 31 March 1978, and (b) 1 April 1978 to 31 December 1978?

*Reply by the Minister of Veterans Affairs:*

(a) WVA/CWA recipients assisted—31 March 1978

| WVA | | CWA | | |
|---|---|---|---|---|
| Veterans | Widows Orphans | Civilians | Widows Orphans | Total |
| 51,442 | 39,321 | 3,230 | 1,228 | 95,221 |

Of these 28,184 were Assistance Fund recipients.

(b) WVA/CWA recipients assisted—31 December 1978

| WVA | | CWA | | |
|---|---|---|---|---|
| Veterans | Widows Orphans | Civilians | Widows Orphans | Total |
| 51,210 | 39,304 | 3,219 | 1,254 | 94,987 |

Of these 26,814 were Assistance Fund recipients.

(a) WVA/CWA Expenditures

| Period | WVA | CWA | Total |
|---|---|---|---|
| 1-4-77 to 31-3-78 | $204,668,155 | $11,310,397 | $215,978,552 |
| 1-4-78 to 31-12-78 | $166,227,197 | $ 9,045,608 | $175,272,805 |

(b) Assistance Fund Expenditures

| Period | WVA | CWA | Total |
|---|---|---|---|
| 1-4-77 to 31-3-78 | $ 12,365,455 | $ 875,824 | $ 13,241,279 |
| 1-4-78 to 31-12-78 | $ 9,461,278 | $ 667,232 | $ 10,128,510 |

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) ACT—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 50—**By Senator Marshall:**

1. Under the *Children of War Dead (Education Assistance) Act*, how many children of veterans were enrolled in educational programs from (a) 1 April 1977 to 31 March 1978, and (b) as of 31 December 1978?

2. By what means does the Department of Veterans Affairs bring to the attention of veterans the benefits under the foregoing Act?

*Reply by the Minister of Veterans Affairs:*

1. (a) 704.

(b) 631.

2. Following awards of pensions to widows and orphans by the Canadian Pension Commission, the deceased veteran's departmental files are reviewed to determine if there are children who may be eligible for benefits under the Children of War Dead (Education Assistance) Act. This information is then passed to our District Offices, who in turn contact the surviving parent or guardian and orphan to acquaint them with the assistance available, and to assist them to make the best possible use of the opportunities provided by the legislation.

VETERANS STILL ELIGIBLE FOR RE-ESTABLISHMENT CREDIT—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 51—**By Senator Marshall:**

1. How many veterans are still eligible for Re-establishment Credit?

2. How many veterans who were eligible for Re-establishment Credit have balances unexpended and what is the balance as of 31 December 1978?

*Reply by the Minister of Veterans Affairs:*

1. This information is not available because of the relationship between extant eligibility for Re-establishment Credits and the cancellation of Certificates of Qualification or termination of contracts under the Veterans' Land Act.

2. This information is not available because it is not known what Veterans' Land Act contracts are expected to terminate and where benefits received under the Veterans' Land Act are deemed to be less than the amount of credit the veteran would have been eligible for under the War Service Grants Act.

WVA/CWA APPLICATIONS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 52—**By Senator Marshall:**

1. How many applications were handled by the War Veterans Allowances Board from

(a) 1 April 1977 to 31 March 1978 and

(b) 1 April 1978 to 31 December 1978, by Regional Office?

2. Does the Regional Officer have the authority to approve applications for WVA/CWA allowances?

3. Under what circumstances does an application for WVA/CWA allowances have to be forwarded to Central Headquarters for decision?

*Reply by the Minister of Veterans Affairs:*

1. The War Veterans Allowance Board does not handle applications.

2. Although Regional Directors have been appointed, the Regional Offices are not yet fully operational and all WVA/CWA applications are still being adjudicated upon by District Authorities. It is intended that Regional Directors have this authority.

3. None. Departmental Headquarters is not involved in the adjudication of WVA/CWA applications.

VETERANS HOUSING ASSISTANCE PROGRAM—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 54—**By Senator Marshall:**

1. How many applications were received by the Veteran's Land Administration from individual veterans and veterans organizations, by year, since the inception of the Veterans Housing Assistance Program (VHOP) and low rental housing?

2. How many grants were (a) approved

(b) turned down?

3. What was the amount of the average grant?

4. How many homes, by type, were built by

(a) individual veterans, and

(b) veterans organizations?

5. Is it the intention to continue the program and, if not, why not?

6. Is any consideration being given to initiating a Home Repair (RRAP) program for veterans, and, if not, why not?

*Reply by the Minister of Veterans Affairs:*

1. *Individual Veterans—AHOP/VHAP*

Applications for grant assistance under the Veterans Housing Assistance Program (VHAP) are made concurrently with applications for assistance under CMHC's Assisted Home Ownership Program, (AHOP) and the applications are forwarded to CMHC offices for processing. As VLA only receives notice of those veterans whose applications have been approved, we have no way of knowing the gross number of applications which may have been made.

*Veterans Organizations—(VHAP Low-Rental Housing)*

*Applications Received*

April 1975—March 1976—6

April 1976—March 1977—4

April 1977—March 1978—4

April 1978—Jan. 1979—0

2. *Individual Veterans—AHOP/VHAP*

(a) From inception of the VHA Program in 1975, grants have been approved on behalf of 256 veteran applicants.

(b) As stated in question 1 above, applications for VHAP grants are processed through various CMHC offices across Canada. We have no means to determine how many applicants may have been turned down.

*Veterans Organizations—VHAP—Low-Rental Housing*

Since inception of the low-rental provisions of the VHA Program in 1975, 14 applications have been received requesting grant assistance. Of these, one was declined outright before approval, one was cancelled after approval as veteran occupancy requirements could not be met, and a third was terminated by the applicant. As of this date, 11 projects have either been completed or are under construction.

3. *Individual Veterans—VHAP*

The average grant to individual veterans under VHAP is $492.00 per annum.

The average grant to veterans organizations under the low-rental provision of VHAP for the 11 approved projects is $149,612.00.

4. (a) 256 individual veterans have been established under VHAP since inception. We cannot, however, distinguish between those houses constructed by veteran applicants and those purchased ready built.

(b) The 11 low-rental projects under VHAP constructed or acquired under sponsorship of veterans organizations include:

1—100 bed hostel residence

9—apartment complexes (totalling 586 units)

1—complex of 20 duplexes (40 units)

5. Continuation of the Veterans Housing Assistance Program (VHAP) has had to be reassessed in light of significant changes to the lending policies of CMHC, particularly as they affect their AHOP and low-rental housing programs. The situation is now under active review and a decision as to the future of VHAP may be expected in the near future.

6. There is no consideration being given by my Department to initiate a RRAP type program for veterans.

As has been stated on several occasions, it is considered that the Residential Rehabilitation Assistance Program (RRAP) administered by CMHC contains all the provisions necessary to meet the home repair needs of veterans in Canada. There is no reasonable basis for DVA to supplant or supplement the excellent provisions of the RRAP program particularly in light of the government's intent to avoid duplication and the attendant high costs.



## COMMONWEALTH WAR GRAVES COMMISSION—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 55—**By Senator Marshall:**

1. Where are the Canadian cemeteries and battlefield memorials located in Canada and Europe which are being maintained by the Commonwealth War Graves Commission?

2. How much money was expended by Canada for maintenance and care from

(a) 1 April 1977 to 31 March 1978 and

(b) 1 April to 31 December 1978?

3. Are any Canadians on the staff of the CWGC, and by whom are they paid?

*Reply by the Minister of Veterans Affairs:*

1. The Canadian casualties for the First and Second World Wars total 109,980 and are buried or commemorated on memorials to the Missing; 82,241 burials and 27,559 commemorations in 71 countries throughout the world. In Canada, there is a total of 18,178 burials and commemorations located at 2,992 sites and a further 952 burials at 447 sites in the United States all of which are the responsibility of the Canadian Agency of the Commonwealth War Graves Commission.

The Commonwealth War Graves Commission has erected three memorials to the Missing in Canada, the Air Forces Memorial at Ottawa and the Naval Memorials at Halifax and Victoria. In France and Belgium there are thirteen First World War memorials (eight for Canada and five for Newfoundland) which were erected by Canada and are maintained on a repayment basis by the Commonwealth War Graves Commission.

Where the majority of graves in one of the 2400 War Cemeteries in the Commission's care are Canadian, or the site was originally developed by the Canadian Forces, that cemetery may have been designated as a Canadian War Cemetery or have "Canadian" in its title. However, this does not preclude there being graves of other Commonwealth casualties in the cemetery; nor does it follow that

all Canadian war casualties are buried in Canadian War Cemeteries.

2. (a) *$406,552.20.

(b) $318,735.28.

3. Yes. There are four Canadians on the CWGC staff, three are with the Canadian Agency plus one Head Gardener serving with France Area of the Commission. Salaries are paid by the CWGC. In addition, two DVA employees are located at Vimy and Beaumont-Hamel to supervise the Canadian Memorials at those sites. Their salaries are paid by the Department of Veterans Affairs.

*In 1977-78 a further $132,211.50 was spent for major renovations at Vimy Memorial.

TRANSFER OF VETERANS HOSPITALS AND DEPARTMENTAL HOMES—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 69—**By Senator Marshall:**

1. What are the Veterans Hospitals or Departmental Homes (a) administered by the Department of Veterans Affairs, (b) transferred to provincial or municipal authority, and (c) in the process of being transferred?

2. In each case what is the number of beds provided exclusively for veterans for (a) acute care, and (b) other care?

*Reply by the Minister of Veterans Affairs:*

1. (a) Ste Anne's Hospital, Ste Anne de Bellevue, Quebec; Rideau Veterans Home, Ottawa, Ontario; Deer Lodge Hospital, Winnipeg, Manitoba; Saskatoon Veterans Home, Saskatoon, Saskatchewan; Colonel Belcher Hospital, Calgary, Alberta; Edmonton Veterans Home, Edmonton, Alberta.

(b) Veterans Pavilion, The General Hospital, St. John's, Newfoundland (presently part of the General Hospital Health Sciences Centre);

Camp Hill Hospital, Halifax, Nova Scotia;

Lancaster Hospital, Saint John, New Brunswick (presently part of the West Saint John Community Hospital);

Ste Foy Hospital, Ste Foy, Quebec (presently part of Le Centre Hospitalier de l'Université Laval);

Queen Mary Veterans Hospital, Montreal, Quebec (renamed Le Centre Hospitalier Côte des Neiges);

Sunnybrook Hospital, Toronto, Ontario (renamed Sunnybrook Medical Centre)

Westminster Hospital, London, Ontario (part of the Victoria Hospital Corporation)

Shaughnessy Hospital, Vancouver, British Columbia

Veterans Hospital, Victoria, British Columbia (part of the Royal Jubilee Hospital)

(c) Negotiations have been initiated for the transfer of: Rideau Veterans Home; Colonel Belcher Hospital; Edmonton Veterans Home.

2. *Hospitals and Homes administered by the Department of Veterans Affairs:*

| | Rated Bed Capacity | | |
|---|---|---|---|
| | (a) Acute | (b) Chronic and Domiciliary | Total |
| —Ste Anne's Hospital | — | 1,130 | 1,130 |
| —Rideau Veterans Home | — | 140 | 140 |
| —Deer Lodge Hospital | 187 | 169 | 356 |
| —Saskatoon Veterans Home | — | 79 | 79 |
| —Colonel Belcher Hospital | 205 | 155 | 360 |
| —Edmonton Veterans Home | — | 149 | 149 |

*Hospitals and Homes transferred to provincial authority:*

The number of beds indicated in each case represents the total number of DVA priority use beds provided for in the transfer agreement. Some of these beds may be allocated to other hospitals in the region or province.

| | D.V.A. Priority Use Beds | | |
|---|---|---|---|
| | (a) Acute | (b) Chronic and Domiciliary | Total |
| —The General Hospital Health Sciences Centre | 25 | 59 | 84 |
| —Camp Hill Hospital | 50 | 235 | 285 |
| —Lancaster Hospital | 3 | 197 | 200 |
| —Le Centre Hospitalier de l'Université Laval | — | 150 | 150 |
| —Le Centre Hospitalier Côte des Neiges | 55 | — | 55 |
| —Sunnybrook Medical Centre | 630 | 570 | 1,200 |
| —Westminster Hospital | 155 | 727 | 882 |
| —Shaughnessy Hospital | 270 | 600 | 870 |
| —Royal Jubilee Hospital | 32 | 138 | 170 |

DOMICILIARY CARE FOR ENTITLED VETERANS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 70—**By Senator Marshall:**

1. Have any consultations taken place between the Department of Veterans Affairs and the provinces to provide domiciliary care for entitled veterans in areas far distant from veterans' hospitals, either those still under federal jurisdiction or those transferred to other authority?

2. If so, what are the (a) provinces and (b) areas concerned?

*Reply by the Minister of Veterans Affairs:*

1. Yes.

2. (a) and (b).

The Department of Veterans Affairs has recently been involved in specific discussions with the Province of New Brunswick, and New Brunswick veterans organizations,

on the distribution of nursing home beds for veterans in northern and eastern New Brunswick. The result of these discussions will be the development of priority use beds for eligible veterans in the Moncton and Campbellton regions. The province of Nova Scotia also has indicated a desire to allocate part of the capital grant provided in the Camp Hill Hospital transfer agreement to develop priority extended care beds for veterans in the Cape Breton area.

No discussions have taken place to date with other provinces on the matter of providing domiciliary care in facilities other than departmental or contract hospitals.

## BUSINESS OF THE SENATE

**Senator Perrault:** Honourable senators, one or two speeches that had been anticipated for this evening have been rescheduled. For that reason, I move that the Senate do now adjourn.

**Senator Flynn:** In any event, it is a better sitting than we had last Friday.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, March 21, 1979**

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

Prayers.

## NEWFOUNDLAND AND LABRADOR

BOUNDARY WITH QUEBEC—QUESTION

**Senator Forsey:** Honourable senators, I should like to ask the Leader of the Government if he is aware of the existence of a document which I hold in my hand. I rise, I may say, in my capacity of a sort of supernumerary senator from Newfoundland. The document in question is being delivered to every automobile licence holder in the Province of Quebec. It shows the whole of Labrador as part of the Province of Quebec with a tiny inscription along the 52nd parallel saying:

[*Translation*]

1927 limits (Privy Council). Not definitive boundary.

[*English*]

How much more definitive the frontier could be than it is when it is laid down in strict terms in the British North America (No. 1) Act, 1949, I don't know.

In the list of places in Quebec on the same document which was furnished to me by a friend from Quebec, you will find—

**Senator Flynn:** Not a friend of Quebec!

**Senator Forsey:** No, a friend in Quebec. Whether he is a friend of Quebec, I leave it to him to say. But among those places listed as being places in Quebec are Churchill Falls, Goose Bay and Labrador City.

I wonder if the Leader of the Government is aware of the existence of this interesting document.

**Senator Perrault:** Honourable senators, inquiries will be forwarded with respect to what could have been an error by the printer or—

**Senator Flynn:** Hah! That's rich!

**Senator Perrault:** —or some other error of some other kind. I would ask the honourable senator whether portions of any other provinces or territories are included on that document as well.

**Senator Forsey:** No, that is all. They gave no special status to any other province.

I might add that I was informed this morning by another friend from Quebec that the Government of Quebec has been running advertisements in a series of newspapers recently, showing the same sort of map with the inscription: "Ici on parle français."

[*Translation*]

"French spoken here."

[*English*]

**Senator Marshall:** I have a supplementary question. I wonder if we could advise the Government of Quebec that, if they think they own Labrador, they are living under the same kind of delusions they have with respect to thinking they are going to achieve sovereignty association.

**Senator Flynn:** The misunderstanding about the French expression, "Ici on parle français,"

[*Translation*]

"French spoken here"

[*English*]

arises from Senator Forsey's excellent French.

[*Translation*]

**Senator Forsey:** It is to give me information.

[*English*]

## HEALTH AND WELFARE

MEDICARE PROGRAM—QUESTION

**Senator Bosa:** Honourable senators, I should like to put a question to the Leader of the Government in the Senate. Considerable attention has been focused on the fact that a number of doctors have left the medicare plan in some provinces. Could the Leader of the Government inform us whether the principle of universality is to some extent being undermined?

**Senator Perrault:** Honourable senators, I can say that the Government of Canada is most concerned about reports emanating from a number of provinces with respect to certain actions taken by members of the medical profession. The government long ago expressed its support for the principle of universal medical care and the hospital care program. The government does not want to see that principle undermined.

**Senator Haidasz:** Honourable senators, I have a supplementary question of the Leader of the Government. What is the government's stand on the problem that has arisen in various provinces which have introduced extra charges and deterrent fees for medical services?

**Senator Perrault:** Honourable senators, the question is under study at the present time, and I hope that it may be possible for me to bring a report to the Senate in the very near future.

**Senator Marshall:** Honourable senators, I wonder if the Leader of the Government can advise whether it is the intention of the Minister of National Health and Welfare to convene a federal-provincial conference on this very serious matter?

**Senator Perrault:** Honourable senators, I can only repeat that the matter is under study by the minister and her colleagues at the present time. No course of action has yet been set. However, it may be possible for me to bring a statement to the Senate tomorrow afternoon. Indeed, I will ask the minister for a statement that can be presented to the house.

**Senator Asselin:** I wonder if any action will be taken before the general election?

**Senator Perrault:** No one knows the day or the hour of that event.

**Senator Flynn:** Not even the Prime Minister.

COMPENSATION FOR PHYSICIANS IN NOVA SCOTIA—QUESTION

**Senator Smith (Colchester):** Honourable senators, in relation to the same general subject, but not as a supplementary, may I ask the Leader of the Government whether the government is aware of the claim said to have been made on Monday last on behalf of the Medical Society of Nova Scotia to the Government of Nova Scotia that the Government of Canada, for the fiscal year 1979-80, has earmarked for compensation for physicians in Nova Scotia the approximate sum of $5 million?

**Senator Perrault:** Honourable senators, I am not aware of that information. I appreciate the fact that the honourable senator has brought the matter to the attention of the Senate, and it will be part of the inquiry that will go forward to the minister.

**Senator Smith (Colchester):** As a supplementary question, may I ask the Leader of the Government if he will be good enough to ascertain whether that kind of information has been conveyed to the Medical Society in Nova Scotia by any official or employee of the Government of Canada?

**Senator Perrault:** Honourable senators, an inquiry will go forward immediately.

## ENERGY

NORTHERN PIPELINE—QUESTION

**Senator Olson:** Honourable senators, I wonder if I could ask the leader if he knows whether the government has received a request from the Government of the United States for a major change in the Canadian procurement policy for the Northern Pipeline.

**Senator Perrault:** Honourable senators, no information of that kind has been brought to the attention of the Leader of the Government in the Senate. However, an inquiry will go forward.

## THE SENATE

WINDOWS IN CLERESTORY OF CHAMBER—QUESTION

**Senator Riley:** Honourable senators, I should like to inquire of the leader what is being done about the windows in the chamber. I notice that new windows have been installed, but they do not seem to have lessened the discomfort caused to members on the other side by the sun.

I ask the question not only because of my concern for the present opposition members, but because some of us may be sitting over there when the next Parliament convenes.

**Some Hon. Senators:** Oh, oh.

**Senator Perrault:** Honourable senators, the government is actively involved in a campaign to bring more light to the opposition. I hope that we may be succeeding in some small way.

**Senator Flynn:** I am not too sure that this is the way to do it. If the outcome of the general election is the one I hope for, then better results will follow.

**Senator Perrault:** Are you suggesting that you wish to be in the dark?

**Senator Flynn:** I don't know if we will be in the dark, but at least we will be able to see you.

## ENVIRONMENTAL AFFAIRS

PROTECTION AGAINST SPILLS FROM OIL TANKERS—QUESTION ANSWERED

**Senator Perrault:** Honourable senators, I promised yesterday to supply some information with respect to the British tanker *Kurdistan.* I now have an updated report that has just been made available.

The *Kurdistan* was badly holed in hard ice on Thursday afternoon, March 15, about 27 miles east of the northern tip of Cape Breton Island. At 2119 hours Atlantic standard time the ship broke into two parts and lost 7,914 tonnes of hot bunker C oil, 52,750 barrels or 1,846,600 gallons.

The bow section carries 7,411 tonnes of oil; the stern section carries 15,140 tonnes of oil.

Since break-up, relays of coast guard ships and Eastern Canada Towing Company tugs have accompanied and towed both sections of the *Kurdistan* with a view to sinking the bow in deep water off the continental shelf and possibly towing the stern section into calm waters to salvage the cargo and this structurally sound part of the ship.

● (1410)

The Canadian coast guard assumed the lead agency role on behalf of the federal government late on March 15. Support and advisory departments are: DOE, also representing DFO in the regional departmental environmental emergency team; Energy, Mines and Resources; National Defence; and Justice. Several interdepartmental meetings have been held to develop recommendations for suitable operational, environmental and legal conditions to be imposed on the salvor for disposal of the bow section and possible salvage of the stern section. The consensus of federal agencies has also been presented to the proposed salvors, Eastern Canada Towing Company Ltd.

Further meetings were to be held Tuesday, March 20, to prepare for ministers the DOT and DOE proposals for conditions to be imposed on the salvor, if the stern section is to be towed into Port Hawkesbury in the Strait of Canso. The proposed conditions will address operational safety, environmental concerns, and liability and compensation arrangements. The departmental proposals were expected in Ottawa yesterday afternoon for presentation to ministers late yesterday. The consensus of federal agencies is that the stern section should be towed to Port Hawkesbury rather than being sunk at sea. It is considered that this will cause less environmental damage than would result from sinking the vessel, provided all DOT and DOE conditions are met.

Over the past five days, the two sections of the *Kurdistan* have drifted about 80 miles in a southeasterly direction under the control of tugs. At this time the bow section is 97 miles east of the entrance to Chedabucto Bay. The stern section lies 140 miles east-north-east of Chedabucto Bay.

Bad weather and poor visibility have frustrated all efforts to relocate a small oil slick that was last sighted on Sunday afternoon about 120 miles from Chedabucto Bay. When this slick was first sighted it was about six miles to the east of the bow section.

It is intended to tow the bow section along a prescribed route to a deep sea disposal area bounded by the triangulation points 44 degrees north 58 degrees west, 44 degrees north 56 degrees west and 43 degrees north 57 degrees west. An additional tow line to facilitate this task will be placed aboard the bow section as soon as conditions permit.

If it is decided that the stern section should be towed to Port Hawkesbury, then a new bridle for towing will be attached. A crew, including coast guard personnel, will be placed on board. The vessel will be towed along a route prescribed by DOE and DFO, following the 50 fathom contour, towards a predetermined point offshore. The salvor will wait until he has a clear 60-hour weather window, and the vessel will then be towed into port for offloading of cargo.

Detailed DOT and DOE conditions will be prepared and forwarded to Ottawa, at which time ministerial approval of the recommended course of action will be sought.

Honourable senators, I have further information that has just come to hand. It has been decided this afternoon that the bow will be disposed of as planned. A ministerial decision has not yet been made regarding the stern section; however, hopefully that decision will be made.

The weather forecast in the area for the next few days is as follows: moderate northwest winds, visibility good, tomorrow. Friday and Saturday, March 23 and 24, moderate southerly winds, visibility good.

Honourable senators, that is as complete a report as I have been able to obtain to this point.

**Senator Flynn:** Are you going to give that report every day?

**Senator Perrault:** The weather forecast.

**Senator Smith (Colchester):** Honourable senators, I thank the honourable leader for his full report. With reference to the conditions he mentioned as now being formulated, as I understood him, regarding possible salvage of the stern section, is one of those conditions to the effect that the proposed salvor would put up a bond of some $50 million to protect against something—I am not quite sure what?

**Senator Perrault:** There is no mention of bonding in this memorandum that I received from the department; however, I would expect that in the normal course of events that would be a requirement.

The question will be taken as notice, and we shall determine what the facts are.

**Senator Smith (Colchester):** I thank the honourable leader. Perhaps I could enlarge a little upon my request. With reference to that condition about the bond, I understand—and I cannot certify as to the accuracy of the report—that the amount of $50 million is the one under discussion. I understand also that the probable value of the ship and its cargo is only a fraction of that sum. I find it a little difficult, therefore, to understand why a salvor would put up a bond for an amount greatly in excess of the possible value of the salvage, though I can understand, of course, the desire to protect the environment. If my information is correct, then there seems to be something that requires explanation concerning the amount of the bond and who is supposed to put it up.

**Senator Perrault:** It may be because of the possibility of some unanticipated and unforeseen serious environmental damage that could be caused by a further spill.

**Senator Smith (Colchester):** Perhaps the honourable leader would include what he can about that in his further inquiries.

**Senator Perrault:** I will do so.

**Senator Marshall:** The Leader of the Government omitted one matter. I recognize that this may require a lengthy answer, but does the Government of Canada have any contingency plan, or is it conducting any studies, respecting the protection that will surely be required if we permit the use of unseaworthy tankers which will cause spills that destroy the environment, particularly the marine stocks of our nation?

**Senator Perrault:** Honourable senators, as yet I have not received a reply to that larger and most important question. However, that information will be provided as soon as it is received.

**Senator Macdonald:** Honourable senators, I wonder if it has been determined where they are going to sink the bow section of that ship. Has the government any plans to prevent these glorified tin cans which operate in icy conditions from carrying oil?

**Senator Perrault:** The honourable senator asked about the bow section. I did give certain triangulation points which I will be glad to make available to him. We do know that a light tow-line is attached from the tug *Point Gilbert*, and that the coast guard ships *Alert* and *Cornwallis* are standing by. With regard to the stern section, a good tow-line is attached from

the tug *Point Valiant*, and the coast guard ship *Sir William Alexander* is standing by. The tug *Point Carrol* is in transit to the area, probably to relieve the *Point Valiant* at the stern section. I will be glad to give the honourable senator these triangulation points.

**Senator Macdonald:** It is pretty close to Cape Breton.

## ENERGY

### FUEL FOR MOTOR VEHICLES—QUESTION

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask another question of the Leader of the Government which is directly related to energy. Is he or the government aware of a statement said to have been made by Mr. J. Frank Roberts, the chairman and president of VIA Rail Canada, on Monday last in Toronto to the effect that, in order to reduce energy requirements in the transportation sector of our economy, the country's dependence on the automobile must be reduced. Does the Government of Canada hold that opinion?

**Senator Perrault:** Honourable senators, I too read that report in the media. However, I have no official document which sets forth either the complete speech attributed to Mr. Roberts nor any official position document from the Minister of Transport.

**Senator Smith (Colchester):** As a supplementary, might I ask the leader if the Government of Canada has addressed itself to the possibility of reducing the demands for energy in the country by reducing the demands of motor vehicles?

**Senator Perrault:** An inquiry will go forward.

## TRADEMARK BILL, 1979

### SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Rizzuto, for the second reading of the Bill S-11, intituled: "An Act relating to trademarks and unfair competition".—(*Honourable Senator Grosart*).

**Senator Grosart:** Honourable senators, it is not my intention to speak in the debate at this time. Therefore, I will phrase my remarks in the form of a question to the sponsor, Senator Godfrey, in order to protect any rights I might have to speak at a later date.

● (1420)

I ask Senator Godfrey: Is it the intention of the government to introduce amendments to Bill S-11 when it is before the Senate or when it is before a committee of the Senate?

The reason I ask this is because this item has stood in my name as the first order of the day for some time. I want to make it clear that it is not, in any way, my intention to hold up discussion of the bill, but the facts appear to be that the government has initiated a number of seminars across the country to obtain the reactions of those who may be affected by the bill; that these seminars are now over; and that there seems to be no information coming forward on what the government's intention is respecting this bill.



It is for that reason that I have allowed this order to stand in my name, but I would not want the impression to get abroad, if Parliament is dissolved, that I was responsible for holding up the bill. I am quite prepared to go ahead at any time the sponsor of the bill says the time is appropriate, in his view, for discussion of the question.

Order stands.

## THE GENTLEMAN USHER OF THE BLACK ROD

### MOTION TO APPOINT SPECIAL NOMINATING COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lang, seconded by the Honourable Senator Inman:

That a special committee of the Senate, consisting of three Senators, be appointed to search for and nominate a person to serve as Gentleman Usher of the Black Rod; and

That, notwithstanding Rule 66, the committee be composed of the Honourable Senators Flynn, Molson and Perrault.—(*Honourable Senator Langlois*).

**Hon. Henry D. Hicks:** Honourable senators, with the consent of Senator Langlois, I should like to continue this debate, if that is agreeable to the house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Hicks:** Honourable senators, the question of the relationship of the Senate to the election of its own Speaker and its control over the officers of the Senate has been the subject of debate in this house certainly since 1868, and perhaps even before that. Many times since 1868 and up to 1973, when the Honourable Senator Croll introduced an inquiry dealing with the subject, the Senate has addressed itself to these problems, but with little effect upon the prevailing practices at the time.

As early as 1867, according to Senator Dandurand, the Senate recognized the prerogative of the Crown in the appointment of certain officers. We are particularly concerned today with the office of the Gentleman Usher of the Black Rod. Speaking in this chamber on June 4, 1925, as reported at page 376 of *Hansard* of that date, Senator Dandurand referred to a resolution which the Senate adopted in 1867, and he quoted it thus:

The Select Committee appointed to examine and report upon the Contingent Accounts of the Senate for the existing first Session, beg leave to make their first report,—

> That with the exception of the appointment of the Clerk of the Senate, Usher of the Black Rod and Sergeant-at-Arms, which are considered to be Crown offices, all other offices of the Senate, as well as all salaries of officers, are and ought to be in the appointment of the Senate and under the control of the Senate.

That would seem to have been an acknowledgement, in the very year of Confederation, on the part of this house that the prerogative of the Crown on the advice of the Governor General in Council, in relation to the appointment of these officers of the Senate, including the Gentleman Usher of the Black Rod, was accepted by the Senate.

In the next year, 1868, there was a resolution in the Senate by the Honourable Senator Letellier de St.-Just that the Senate should go on record as favouring the election of the Speaker of the Senate and, by inference, should control certain other officers of the Senate, though this latter proposition was referred to in greater detail in some of the subsequent debates to which I shall not refer this afternoon.

There was an interesting debate on the motion of Senator Letellier de St.-Just, and it was finally resolved by having him withdraw his motion for the time being, there being an acknowledgment by a number of the senators then present that this was only the end of the first year of the Canadian Confederation, that there had not been a sufficient time to see how the Constitution was working at this stage, and that they could deal with the question of the election of the Speaker of the Senate and some other matters at a later date. While there was a good deal of talk about it at subsequent dates, in fact nothing was done.

**Senator Flynn:** What else is new?

**Senator Hicks:** The first debate on the question of the Black Rod took place in this chamber between June 2 and June 11 in 1925. The Honourable J. W. Daniel, then Chairman of the Committee on Internal Economy, moved:

> That in the opinion of the Senate the appointment of all officers occupying seats on the floor of the Senate, to whom the Civil Service Act applies, should be selected and appointed by the Senate, and that the Civil Service Commission should be asked to exclude those positions from the operation of the Civil Service Act.

This referred specifically to the office of the Black Rod in the subsequent remarks Senator Daniel made because Colonel Chambers, the incumbent of that office, had died previously thereto, and it was felt necessary that there should be a replacement before consent to a supply bill would be sought in the very near future.

Here it is interesting to note that, from 1867 until the passage of the Civil Service Act in 1918, there apparently was no question that the prerogative of appointing these officers belonged to the Crown on the advice of the Governor General in Council, and modified in relation to some of these offices, including that of the Black Rod and the offices of Parliament, to one of the prerogatives of the Prime Minister, so it was the Prime Minister who gave the advice to His Excellency directly, rather than the normal process of an order in council.

In any event, by section 34 of the Civil Service Act of 1918, the following was enacted:

> —wherever any action is authorized or directed to be taken by the Governor in Council or by order in council, such action, with respect to the officers, clerks and employees of the Senate or the House of Commons, shall be taken by the Senate or the House of Commons, as the case may be, by resolution; . . . or, if such action is required during the recess of Parliament, by the Governor in Council, subject to ratification by the Senate, House of Commons, or both Houses, as the case may be, at the next ensuing session.

Therefore, it was acknowledged in the Civil Service Act of 1918 that these offices ought only to be dealt with following resolutions of the Senate or the House of Commons, as the case may be. I think that no question arose in relation thereto, certainly insofar as the Black Rod was concerned, until the death of Colonel Chambers and some action to replace him was necessary.

It is very interesting, now that I am referring to this particular section of the act of 1918, to point out to you that virtually the same wording was used in section 72 of the Civil Service Act, which is chapter 57 of the Statutes of 1960-61. So, as late as that time, Parliament acknowledged this obligation in relation to the views of the Senate and the House of Commons concerning these offices to which I have made reference, including the office of the Gentleman Usher of the Black Rod.

● (1430)

Interestingly enough, however, when the Public Service Employment Act was passed in 1967, it being chapter 71 of the statutes of 1966-67, all reference to these powers of Parliament, including both the House of Commons and the Senate, was omitted. Apparently, honourable senators, we did not protect ourselves in relation to these matters in the 1967 act.

**Senator Flynn:** We never used them.

**Senator Hicks:** They had never been used, that is quite right, but whereas at least they had been there before, they have now disappeared from our statutes and no longer exist. Nor are they in the present Public Service Employment Act, except for a brief reference that the Governor in Council may appoint and fix remuneration. Section 38 of the present act names a number of people, including the Clerk of the Senate and the Clerk of the House of Commons.

Where then does that leave us at the present time? In his speech given in 1925, Senator Daniel referred to the position of the Gentleman Usher of the Black Rod. While it is not particularly germane to his appointment, I think it is interesting enough to read. He stated:

> The position of Gentleman Usher of the Black Rod is a peculiar one, so peculiar, indeed, that there is no other position of the same kind in the whole Civil Service. It is,

as it were, *sui generis*. I might read from the classification published some years ago the qualifications and duties of the Gentleman Usher of the Black Rod:

> To act as director of ceremonies at state and parliamentary functions and receptions to distinguished public visitors; to advise federal and provincial authorities and rule on matters of precedence and official social practice; to be in attendance during sessions of Parliament on the floor of the Senate; to summon the House of Commons to the Senate Chamber at the opening and closing of Parliament, when assent is being given to Bills, and on like occasions; and to perform other related work as required.

He then paid some compliments to the many other duties that were discharged so well by Colonel Chambers, and I am sure all honourable senators will agree that we can refer to our present Gentleman Usher of the Black Rod, Major Vandelac, in the same complimentary manner.

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

**Senator Hicks:** The next change to which I wish to direct your attention is found in section 38B, chapter 22 of the act of 1921 amending the Civil Service Act. It reads as follows:

> In any case where the Commission decides—

That is, the Civil Service Commission.

> —that it is not practicable nor in the public interest to apply this Act to any position or positions, the Commission may, with the approval of the Governor in Council, exclude such position or positions in whole or in part from the operation of the Act, and make such regulations as are deemed advisable prescribing how such position or positions are to be dealt with.

This, again, constitutes a change from the act of 1918 without repealing the relevant section by suggesting that when the Civil Service Commission decides it is in the public interest that they should not make these appointments directly, they should prescribe how such position or positions are to be dealt with.

The actions that were taken in May and June of 1925 are rather interesting. On May 26, before this debate had taken place in the Senate, the Privy Council had, notwithstanding the change in the act, asked the Civil Service Commission to exclude the appointment of the Gentleman Usher of the Black Rod from the prerogatives of the Civil Service Commission.

On May 28, 1925, again before the debate took place in the Senate, although this was not known to honourable senators at that time, the Civil Service Commission wrote to the office of the Privy Council, as follows:

> Civil Service Commission
> Canada
> Office of the Secretary
>
> Ottawa, 28th May, 1925
>
> Dear Mr. Lemaire,—
>
> I beg to advise you that your letter of the 26th instant, with reference to the office of the Gentleman Usher of the Black Rod, was to-day under consideration by the Commissioners; and that it was resolved
>
> 1. That it is not in the public interest to apply the Civil Service Act to the appointment of an officer to the position of Gentleman Usher of the Black Rod;
>
> 2. That the said position, so far as the impending appointment is concerned, be wholly excluded from the operation of the Civil Service Act;'
>
> 3. That the appointment thereto be vested in the competent authority in that behalf to be determined and nominated by the Law Officers of the Crown.
>
> A memorandum, embodying the above resolution, and recommending the exclusion of the position from the operation of the Civil Service Act under the provisions of Section 38B of the said Act, is enclosed herewith for the approval of the Governor General in Council.
>
> Yours sincerely,
> (Sgd.) Wm. Foran,
> *Secretary.*
>
> E. J. Lemaire, Esq.,
> Clerk of the Privy Council,
> Ottawa, Ont.

It would appear from this that the Civil Service Commission passed the buck as to the procedures of appointment to the law officers of the Crown. The debate in the Senate on how this should be done continued, and reference was made, of course, to the 1918 act, which suggested that resolutions of the Senate would be relevant to this appointment.

In the meantime, Mr. Mackenzie King, the then Prime Minister, initialled this memorandum and sent it on to the Governor General in Council. On June 3, 1925, P.C. 877 was passed on the basis of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on that date. This does yet a different thing. It reads as follows:

> The Committee of the Privy Council have had before them a Report, dated 2nd June, 1925, from the Right Honourable W. L. Mackenzie King, the Prime Minister, submitting a recommendation of the Civil Service Commission, under Section 38B of the Civil Service Act of 1918 as amended, that the following position of the staff of the Senate of Canada be wholly excluded from the operation of the Civil Service Act, viz. Gentleman Usher of the Black Rod.
>
> The Civil Service Commission are of the opinion that it is not in the public interest to apply the Civil Service Act to the appointment of an officer to the position of Gentleman Usher of the Black Rod, and have therefore recommended that the said position be wholly excluded from the operation of the said Act.

The Committee concur in the foregoing and submit the same for Your Excellency's approval.

E. J. Lemaire,
*Clerk of the Privy Council.*

In this there is no reference to the procedure of appointment at all. The method of appointment was not dealt with; it was merely that it be excluded from the Civil Service Act.

In the meantime, however, the Senate continued its debate and suggested that their Law Clerk should participate in the discussions with the law officers of the Crown as to how this appointment should be made.

Though the order in council did not require it, there was in fact a reference to the law officers of the Crown, and the Deputy Minister of Justice reported on June 8, 1925, which report was read into the *Debates of the Senate* of June 11, 1925, at pages 448 and 449. What this in effect did was to say that the office, having been excluded from appointment by the Civil Service Commission, should revert to appointment by the Governor General in Council. As we will see from subsequent modifications, this function of the Governor General in Council has been stated to be one of the prerogatives of the Prime Minister. So, the Prime Minister advises the Governor General.

The argument was made by Mr. Creighton, the then Law Clerk of the Senate, that the provisions of the 1918 act should apply; that there should be resolutions of the Senate having to do with these appointments. In essence these arguments were not accepted.

● (1440)

The report by W. Stuart Edwards, the then Deputy Minister of Justice, is set out, as I have said, on pages 448 and 449 of the *Debates of the Senate* of June 11, 1925. This report summarizes in a somewhat more formal way many of the things that I have been saying, and I think it might be of interest, honourable senators, if these pages were incorporated in our record today to bring them up to date again, and to make them more readily available to you. So with your permission I shall not read all of it into the record but shall ask instead that this report from the Deputy Minister of Justice in 1925 be either incorporated in my speech or printed as an appendix to the *Debates* of today.

**Senator McIlraith:** Why not incorporate it in your remarks?

**Senator Hicks:** If that is agreed.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*The report follows:*]

Department of Justice
Canada

Ottawa, June 8th, 1925

Dear Sir,—

I have your letter of the 4th instant to the Minister of Justice submitting copies of an Order in Council (P.C. 877) of the 3rd instant with reference to the position of Gentleman Usher of the Black Rod. I infer from your letter that you desire to be advised generally as to the legality and effect of the Order in Council referred to, and in this connection I have had the advantage of discussing the matter fully with Mr. Creighton, the law clerk of the Senate.

In the first place, I may say that I think it unquestionable that the Gentleman Usher of the Black Rod is an officer of the Senate; that up to the year 1918 he was appointed by the Crown; that the right of the Crown to make the appointment was undoubted and was recognized by the Senate itself by resolution in the year 1867; that he is a permanent officer of the Senate and that the provisions of the Civil Service Act regarding appointment are applicable to him by virtue of the provisions of sec. 34 thereof; and that, consequently, unless the position has been excluded from the operation of the Act under the provisions of sec. 38B thereof, the appointment would rest with the Civil Service Commission. I take it, therefore, that the questions as to which advice is required are whether the position has been validly excluded from the operation of the Civil Service Act, and if so, by whom and in what manner is the appointment to be made.

Sec. 38B of the Civil Service Act is as follows:

"38B. (1) In any case where the Commission decides that it is not practicable nor in the public interest to apply this Act to any position or positions, the Commission may, with the approval of the Governor in Council, exclude such position or positions in whole or in part from the operation of the Act and make such regulations as are deemed advisable prescribing how such position or positions are to be dealt with."

It will be observed that under this provision the Civil Service Commission has power to do two things: (*a*) exclude the position in whole or in part from the operation of the Act, and (*b*) make such regulations as are deemed advisable prescribing how such position is to be dealt with, the whole subject to the approval of the Governor in Council. With a view to the exercise of these powers the Commission made a recommendation to His Excellency in Council reading as follows:

"The Civil Service Commission recommends under section 38B of the Civil Service Act of 1918 as amended, that the following position on the staff of the Senate of Canada be wholly excluded from the operation of the Civil Service Act:

"Gentleman Usher of the Black Rod.

"In conformity with section 38B of the Act regulations are required, prescribing how such appointment shall be made:

"The Civil Service Commission recommends:

"1. That it is not in the public interest to apply the Civil Service Act to the appointment of an Officer to the position of Gentleman Usher of the Black Rod;

"2. That the said position, so far as the impending appointment is concerned, be wholly excluded from the operation of the Civil Service Act;

"3. That the appointment thereto be, and is hereby vested in the competent authority in that behalf to be determined and nominated by the Law Officers of the Crown."

and upon this recommendation the Order in Council above referred to was passed, reading as follows:

The Committee of the Privy Council have had before them a report, dated 2nd June, 1925, from the Right Honourable W. L. Mackenzie King, the Prime Minister, submitting a recommendation of the Civil Service Commission, under section 38B of the Civil Service Act of 1918 as amended, that the following position on the staff of the Senate of Canada be wholly excluded from the operation of the Civil Service Act, viz. Gentleman Usher of the Black Rod.

"The Civil Service Commission are of the opinion that it is not in the public interest to apply the Civil Service Act to the appointment of an officer to the position of Gentleman Usher of the Black Rod and have therefore recommended that the said position be wholly excluded from the operation of the said Act.

"The Committee concur in the foregoing and submit the same for Your Excellency's approval."

After careful consideration of the above provisions and of the representations ably presented by Mr. Creighton, the opinion of this Department is that the effect of what has been done is to wholly exclude the position in question from the operation of the Civil Service Act and to restore the power of appointment to the Governor in Council, where it formerly belonged.

Having thus stated the concluded view of the department, it may be useful to discuss the several objections advanced by Mr. Creighton and to state the departmental view regarding the same.

In the first place it was suggested that the recommendation of the Civil Service Commission should have been approved by a resolution of the Senate rather than by an order of the Governor in Council. Support for that view is said to be found in sec. 34 of the Civil Service Act, which provides in effect that whenever any action is authorized to be taken by the Governor in Council, such action, with respect to the officers, clerks and employees of the Senate, shall be taken by the Senate. It is recognized that there is some plausibility to this argument, but the department is unable to conclude that it is well founded. The provision in question relates only to action required in connection with appointments, transfers, promotions, salaries, increases and classification and has no reference to any action required in connection with the exclusion of any position or positions from the operation of the Act.

I may add that there are precedents for this view in the cases of the Assistant Clerk and the Sergeant-at-Arms of the House of Commons.

(2) Objection is also made that the Order in Council approving of the recommendation of the Commission does not recite the whole of the recommendation but merely refers to the provision thereof excluding the position wholly from the operation of the Civil Service Act. It is not thought in the Department, however, that this circumstance affects the validity of the recommendation or the Order in Council. The view of the Department is that the Order in Council by necessary implication approves the recommendation of the Civil Service Commission as submitted, and that the recommendation in any case does nothing more than exclude the position from the operation of the Act and to restore the power of appointment to the competent authority. Paragraph I does nothing more than state that it is not in the public interest to apply the Civil Service Act to the position in question. Paragraph 2 is of no effect because as the main part of the recommendation excludes the position altogether from the operation of the Act, it would necessarily follow that the said position, so far as the impending appointment is concerned, would be wholly excluded.

With regard to paragraph 3, objection was taken that this purports to authorize the law officers of the Crown to determine by whom the appointment is to be made. In the view of the Department, however, this is an erroneous interpretation, and that the paragraph, when properly construed, amounts to nothing more than that the appointment is to be made by whatever was the competent authority before the position was made subject to the provisions of the Act, and that upon that point of law officers of the Crown would be asked to advise.

(3) It was further suggested that the right of the Crown to make this appointment having been taken away by the Civil Service Act and vested in the Civil Service Commission, the excluding of the position from the operation of the Act in the manner above mentioned is not sufficient to restore the power of appointment to the Crown. In view, however, of what has been said above, the Department is unable to accept this view.

Yours faithfully,
W. Stuart Edwards,
D. M. of J.

**Senator Hicks:** Finally, Senator Dandurand who had read this report into the Senate record concluded his speech, as reported at page 449 of Senate *Debates* of June 11, 1925, by saying:

Regarding the appointment of Black Rod, I may say that I had a moment's conversation with the Prime Minister before I entered the Chamber, and he informed me

that he would be most pleased to discuss the person to be appointed with the leaders of the Senate.

Whether in fact Prime Minister Mackenzie King ever did discuss this in any effective way with the leaders in the Senate, I am not prepared to say, and the record that I have before me does not show. However, this is an interesting indication of the willingness of the Prime Minister, more than 50 years ago, to consider the wishes of the Senate in making this appointment.

**Senator Asselin:** What about the Prime Minister of today?

**Senator Hicks:** I don't know, but I am going to make my conclusions, and I shall speculate about that, just a little.

Perhaps the Senate made its first mistake in acknowledging the prerogative of the Crown in relation to these appointments in 1867. Perhaps the Senate might have tried harder to proceed with Senator Letellier de St.-Just's motion in 1868 that the Senate should have the power to elect its own Speaker and, by inference—and more specifically dealt with in subsequent debates here in the years following that—the control of certain other offices in the Senate. Perhaps Senator Daniel withdrew his motion in 1925 rather sooner than he ought to have done, and perhaps he ought to have pressed it further. In any event, honourable senators, now that the question has risen again, my proposition is this: Let the Senate now affirm its desire to participate in the selection of this particular officer of the Senate, and, by inference extend its influence into the selection of other officers of the Senate, certainly all the floor officers of the Senate. I would venture to express the hope that if we adopt Senator Lang's motion today, the present Prime Minister might be as willing as, or even more willing than, Prime Minister Mackenzie King said he was in 1925 to consider the views of the Senate in relation to this appointment.

**Senator Forsey:** May I ask the honourable senator a question? Did I understand him to say that it is the prerogative of the Prime Minister to advise the Governor General on the appointment of the Gentlemen Usher of the Black Rod? If so, what was the basis of that assertion?

**Senator Hicks:** Honourable senators, perhaps I might cite the following:

> The most recent minute of Council on this subject is P.C. 3374 of October 25, 1935, which reads as follows:
>
> "The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, submit the following Memorandum regarding certain of the functions of the Prime Minister—
>
> 1. A Meeting of a Committee of the Privy Council is at the call of the Prime Minister and, in his absence, of that of the senior Privy Councillor, if the President of the Council be absent;
>
> 2. A quorum of the Council being four, no submission, for approval to the Governor General, can be made with a less number than the quorum;
>
> 3. A Minister cannot make recommendations to Council affecting the discipline of the Department of another Minister;
>
> 4. The following recommendations are the special prerogative of the Prime Minister:
>
> Dissolution and Convocation of Parliament:
>
> Appointment of—
>
> Privy Councillors;
>
> Cabinet Ministers;
>
> Lieutenant-Governors;
>
> (including leave of absence to same);
>
> Provincial Administrators;
>
> Speaker of the Senate;
>
> Chief Justices of all Courts;
>
> Senators;
>
> Sub-Committees of Council;
>
> Treasury Board;
>
> Committee of Internal Economy, House of Commons;
>
> Deputy Heads of Departments;
>
> Librarians of Parliament;
>
> Crown Appointments in both Houses of Parliament;
>
> Governor General's Secretary's Staff—

And I take it that that includes the Gentleman Usher of the Black Rod. That is from a paper in *The Canadian Journal of Economics and Political Science,* Vol. 12, No. 3, 1946, written by Arnold D. P. Heeney.

**Senator Forsey:** Honourable senators, may I ask the honourable senator if he would read—I don't mean aloud but for his own edification—the exact terms of that minute of Council. It is, of course, an almost exact transcription of the first such minute passed by the government of Sir Charles Tupper on May 1, 1896, the only change, as Mr. Mackenzie King pointed out in 1935, being the omission from the list of the Railway Committee of the Privy Council which had ceased to exist. I think a strict reading will show that the prerogatives of the Prime Minister listed there are to recommend to Council, not to advise the Governor General.

Some little time ago, I may remark parenthetically, I asked the late Minister of Justice about the appointment of chief justices of provincial superior courts. I said, "Was this done on the advice of the Prime Minister or on the advice of the cabinet?" And he replied by letter, categorically, that it was done on the advice of the cabinet. But, of course, the recommendations to the cabinet are the sole prerogative of the Prime Minister under those minutes. But I think that it is a misinterpretation to say that those minutes, the successive ones passed by the governments of Sir Charles Tupper, Sir Robert Borden, twice—as head of the Conservative government and head of the Union government—Mr. Meighen in 1920 and possibly one other—I think it is a misinterpretation to say that the

prerogative of the Prime Minister is to advise the Governor General on these matters. It is his prerogative to recommend to Council, which is a rather different thing.

It is not very important in this particular context but I suggest it is very important constitutionally in regard to some of the other matters, because you might get what should be recommendations to the cabinet, which would be subject to cabinet scrutiny and cabinet judgment, going direct to the Governor General without any such scrutiny or such judgment. Indeed I was informed by a former member of Mr. Diefenbaker's government that on one occasion what should have been a recommendation to cabinet on the appointment of a senator went directly as advice to the Governor General, resulting in a most unfortunate appointment because of a confusion in names, and somebody thoroughly unsuitable was appointed instead of somebody who would have been an ornament to this chamber.

**Senator Hicks:** Honourable senators, I should like to reply to Senator Forsey while we are still on this point. I think there may be some confusion in it, but I submit that it is fairly well accepted that the right of the Prime Minister to advise the Governor General directly about the dissolution and convocation of Parliament is his right, and is not a recommendation which the Prime Minister makes to other members of the Privy Council. Since that is at the head of the list of prerogatives of the Prime Minister, and since it is generally conceded that that is a recommendation he makes directly to His Excellency the Governor General, I infer that the other rights of appointment set out in P.C. 3374 of 1935 are rights of the Prime Minister to recommend directly to His Excellency. But I agree with my honourable friend, Senator Forsey, that it is not stated as clearly as it might be.

● (1450)

As Senator Forsey has acknowledged, the practice has been that the Prime Minister does on many occasions that we know of, and perhaps on a great many others we do not know of, make these recommendations directly to His Excellency.

**Senator Forsey:** If I may just make an observation in reply to that answer to my question, honourable senators, I think it is true to say that it is only since 1953 that the convocation and dissolution of Parliament and the appointment of members of the Privy Council and members of the cabinet has been done by an Instrument of Advice and not by an order in council. Down to 1953 the dissolution of Parliament was contained in a proclamation by the Governor General on the advice of "our Privy Council for Canada." After that it was changed. I think it was changed by a misinterpretation of this order in council, which, however, as far as I know, did not apply to other matters in that list. I think it was changed so that the dissolution and convocation of Parliament—though, curiously enough, not the prorogation—and the appointment of members of the Privy Council and the appointment of members of the cabinet became a matter for a different kind of instrument, not an order in council as traditionally but a new thing called an Instrument of Advice.

[Senator Forsey.]

So what the honourable senator is referring to in this matter, I think, is an innovation and, in my judgment, of rather dubious desirability, in relatively recent years long subsequent to the date of the minute of council he was quoting.

**Senator Hicks:** I have no quarrel with my honourable friend, except to say that he may be adopting the interpretation that he would like to place upon this authority or this prerogative, whereas I think my statement comes closer to the actual practice. I am not saying it is right. In fact, quite the contrary. I think I agree with most of the observations Senator Forsey has made about this.

**Senator van Roggen:** I hope the honourable senator will accept another question, but I should like first to compliment him on the exhaustive review he has given us on this matter.

Is there anything, Senator Hicks, in your investigations of the history lying behind this that would indicate to you that any custom, precedent or law exists which would prohibit the Senate from appointing a committee, such as is suggested in the motion, to consider the matter of an appropriate appointment for this office and then to consult with the proper authorities, whether that be the Prime Minister or the cabinet, with respect to the appointment. Is there anything that you have found that would make that an improper procedure for the Senate to follow?

**Senator Hicks:** I agree entirely with Senator van Roggen that there is certainly no prohibition on our setting up a committee and making recommendations. Perhaps most of the remarks I made this afternoon had to do with the authoritative nature, or rather the lack of authoritative nature, of the recommendations that this committee might make. But even if the committee can only make a recommendation to either the Privy Council or the Prime Minister, I still think that it would be a good practice for us to adopt.

**Senator Thompson:** Honourable senators, I move the adjournment of the debate.

**Senator Flynn:** That's a good idea!

**Senator Grosart:** Honourable senators, before the question is put I should like to make an observation on a comment made by Senator Forsey. Like other senators, I have great respect for Senator Forsey's knowledge of constitutional practice, but I think he would be the first to admit that he is not always right.

**Senator Forsey:** Hear, hear.

**Senator Grosart:** I believe that in one statement he made today he was wrong, unfair and indiscreet. He made the statement, on hearsay, that an appointment made to this chamber by Mr. Diefenbaker resulted in an unfortunate appointment and the denial of the position in the Senate to somebody he regarded as a better appointment, and he attributes this—purely on hearsay—to the failure of the Prime Minister to follow a constitutional practice of which he would approve but which has certainly not in any way been definitively determined.

I am not to say whether that is so or not, but, fortunately, my name is such that it is not likely that my appointment was a mistake. It must have been some other person.

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

**Senator Grosart:** However, the inference is there, in what I regard as a most unfortunate and unfair remark based only on hearsay, and I hope Senator Forsey will retract it.

**Senator Forsey:** So far as hearsay is concerned, I got the statement from a member of the cabinet concerned who was very exercised about what he regarded as a breach of constitutional propriety. I can say at once that the people concerned in the story that he told me are now all gone to their reward.

I am sorry if my reference to that particular appointment, which I thought had been a matter of common discussion at various times, is regarded as indiscreet. I am afraid that I have not a great reputation for discretion, and I am glad to yield to the Honourable Senator Grosart on that point and say that I am very sorry that I mentioned that illustration.

As for hearsay, I got it direct from a member of the cabinet who was greatly exercised about the subject and came to me and asked me whether I didn't think he was right in considering this a breach of constitutional practice.

**Senator Grosart:** It is still hearsay.

On motion of Senator Thompson, debate adjourned.

## PUBLIC BILLS

### MOTION TO SUSPEND RULES 44, 45 AND 78 WITHDRAWN

On the Motion:

> That until Friday, 13th April, 1979, rules 44, 45 and 78 be suspended in so far as they relate to public bills.

**Senator Perrault:** Honourable senators, before this motion is put I would say that when I gave notice last evening I noted, together with other honourable senators, the concern expressed by the Honourable Leader of the Opposition with respect to the proposal to suspend certain rules. Since then I have had an opportunity to speak with the Honourable Leader of the Opposition and other honourable senators, and I think I now understand some of the concerns the Honourable Leader of the Opposition felt last night.

The reason for the notice of motion was the great concern of the government to have a key piece of legislation in place before the weekend. I refer to Bill C-42, the Energy Supplies Emergency Bill. That bill is being debated now in the other place and a vote has been scheduled for six o'clock this evening. It is the hope of the government that this bill will be passed in the other place at six o'clock this evening, and barring completely unforeseen circumstances that vote will proceed. It is the hope that the measure can be passed by the Senate by Friday with royal assent later that day.

May I suggest, then, that in order to achieve that goal the Senate might wish to agree to the introduction of the bill here tomorrow, if it is not possible for honourable senators to meet tonight because of previous commitments. If the bill comes to us tomorrow afternoon, the sponsor of the measure, Honourable Senator McDonald, would make his introductory speech at that time.

● (1500)

In all probability, the senator's speech would be followed by other speeches from opposition and government members who may wish to participate in the debate. Second reading debate could occupy tomorrow, with the bill being referred to committee for study perhaps on Friday morning.

Honourable senators, I have discussed with the Honourable Alastair Gillespie, the minister responsible for the bill, the possibility of having him appear before a Committee of the Whole to answer honourable senators' questions. The minister has agreed to come to the Senate, should honourable senators wish him to do so. He has stated that he would be available to appear in committee tomorrow morning. He has a number of important commitments out of Ottawa tomorrow afternoon, but would be available between—

**Senator Roblin:** Is the Leader of the Government referring to tomorrow or Friday?

**Senator Perrault:** I am giving the complete possible chronology for the next two days. The minister is available all day on Friday, but he is also available tomorrow morning and until 12.30 p.m. So the minister is available during that time frame.

I would appreciate the views of honourable senators on the way that this bill might be handled. As I have said, second reading debate would continue tomorrow following introduction of the bill, and it would then be referred to committee for study.

The minister will not be available tomorrow afternoon. Following debate on second reading, the bill could well be referred to the Standing Senate Committee on Banking, Trade and Commerce. However, if we so wish the bill could be referred to a Committee of the Whole on Friday morning, and third reading and royal assent could be given later that day.

If this suggested handling of the bill meets with general support and agreement I shall not proceed with the motion before us because it would not be necessary at this time.

In any event, the only reason why I gave notice of motion yesterday was because of the government's concern regarding Bill C-42 and the importance, in its view, of having the legislation in place during what could be a dissolution of Parliament. In saying that, dissolution could come at any time. That is no mystery to the experienced parliamentarians in this chamber.

**Senator Asselin:** Some story, but wrong time.

**Senator Flynn:** Honourable senators, I first wish to confirm that the conversations to which the Honourable Leader of the Government referred took place in the perspective he has outlined. As my good friend, Senator Asselin, remarked, we have been operating under these conditions for over a year now, and it is not a very satisfactory way for the Senate to discharge its responsibilities. The possibility of dissolution is

clearer at this time, however, than it was a year ago—at least, I hope so.

With regard to the proposed legislation, I have consulted with my colleagues. After taking into account our number and views, I am of the opinion that in two days, following the procedure mentioned by the Leader of the Government, we will be able to do what we consider to be our duty—again taking into consideration the circumstances.

I believe that I am speaking for all members of the opposition—we discussed the matter this morning—in saying that we would agree that second reading should take place, and could be completed, tomorrow. If necessary, we could go until, midnight. The bill could then be referred to Committee of the Whole on Friday morning and third reading completed on Friday afternoon.

However, since the Leader of the Government gave notice yesterday that he wanted to suspend rules 44, 45 and 78 of the *Rules of the Senate* for this very purpose, he should now tell us that if we proceed in the way he has indicated he will withdraw his motion.

I do not want any sword of Damocles hanging over our heads for the next three weeks. We may very well be sitting again next week, with the threat of dissolution ever present.

I do not want to have to operate under such circumstances for the sake of just any bill that may come before us. Since the government wants Bill C-42 for the election—I believe that is the government's main objective: to have it for the election—in order to clear the deck and allow the Prime Minister to summon the courage to call an election, we are willing to proceed in this way. But I do not want this threat to apply to all bills that may come to us next week or in the following weeks, if Parliament is still sitting.

I can understand that dissolution comes closer and closer each day that we sit. But we could sit here well beyond April 13. The way this government operates it could very well postpone the election until next year. Parliament will die on July 28 this year if nothing is done. But nothing in the Constitution requires our courageous Prime Minister to call the election at any time, except that the next Parliament would have to meet within one year of the date of the expiration of this Parliament.

Under those circumstances, if the Prime Minister wants to call a general election on Saturday, we are willing to give him this bill on Friday afternoon, after we have said what we think of it. But, as a condition for the Senate to proceed in this way, I ask that the Leader of the Government withdraw his motion. He can always bring it back next week. I have seen him do worse things than that; so he should not be too offended by this condition, or by the prospect of again having to change his mind.

**Senator Perrault:** Honourable senators, that was generally a constructive statement made by the Leader of the Opposition, although there were certain particulars with which I would take umbrage. I was fascinated by the possible election scenario that he set out. Certainly the government has never contemplated the idea of having the election postponed to a year from July 28 next, but perhaps the Leader of the Opposition might provide us with the Conservative caucus analysis on the subject that we could study. Perhaps it is a course of action which the government should examine. It almost suggested to me, honourable senators, that this is the kind of scenario devoutly to be wished by the present supporters of the Conservative Party, in view of certain poll results.

Having said that, I am certainly prepared to withdraw my motion—a motion which, incidentally, is not quite the closure it was said to be yesterday. It is a procedure which has been followed by numerous governments in the past before the Easter and Christmas break, and before dissolution and prorogation.

• (1510)

Honourable senators, I am quite willing to withdraw that motion in return for an order of the house that we proceed according to the schedule that I described earlier.

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is the honourable senator withdrawing the motion?

**Senator Perrault:** Yes.

**The Hon. the Speaker:** It is ordered:

> That when the Bill C-42, intituled: "An Act to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada," reaches the Senate tomorrow, Thursday, 22nd March 1979, the second reading stage of the said Bill be concluded the same day, and that the remaining stages be concluded on Friday, 23rd March 1979.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, March 22, 1979**

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

Prayers.

## ENERGY SUPPLIES EMERGENCY BILL, 1979

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada.

Bill read first time.

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

**Senator Perrault:** Honourable senators, with leave, I move that this bill be placed on the Orders of the Day for second reading later this day.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Anti-Inflation Board to the Governor in Council, dated March 16, 1979, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plan of the Canada Steamship Lines (1975) Limited and its employees represented by the Brotherhood of Railway, Airline and Steamship Clerks.

Report of the Governor of the Bank of Canada, including statement of accounts certified by the Auditors, for the year ended December 31, 1978, pursuant to section 26(3) of the Bank of Canada Act, Chapter B-2, R.S.C., 1970.

Report entitled "A Time to Speak: The Views of the Public," dated March 1979, of the Task Force on Canadian Unity, appointed by Orders in Council of 5 July 1977, P.C. 1977-1910, 24 August 1977, P.C. 1977-2361 and P.C. 1977-2362, and 28 February 1978, P.C. 1978-573, pursuant to Part I of the Inquiries Act (Hon. Jean-Luc Pepin, P.C. and Hon. John P. Robarts, P.C., Co-Chairmen).

[*Translation*]

## VISITORS IN GALLERY

**Senator Rizzuto:** Honourable senators, I am pleased to welcome a delegation of the Canadian-Italian Business and Professional Men's Association of Quebec for the Montreal area which is with us today on a visit to the Canadian Parliament. The delegation is led by its president, Mr. Fagnioli, whom I wish to welcome. I hope they are enjoying their day in Ottawa.

[*English*]

## PUBLIC SERVICE

EMPLOYMENT OF IMMIGRANTS—QUESTION

**Senator Haidasz:** Honourable senators, I should like to ask the Leader of the Government a question on an important matter of which I gave him notice earlier this day. Can the government leader assure us that security clearance directives from the cabinet or the Solicitor General affecting immigrants or descendants of immigrants, or people not born in Canada, will not affect them adversely in seeking employment within the Public Service of Canada, or promotion therein?

**Senator Perrault:** Honourable senators, I appreciate the fact that the honourable senator gave notice of his question earlier this day. However, I have not yet had an opportunity to develop and research a full answer, the kind of answer the question deserves.

It can be said, however, that section 12 of the Public Service Employment Act specifically bans discrimination on the basis of race, religion, or ethnic origin, as well as on other grounds. The question is now under active study by at least two government departments. I hope to bring a fuller reply to the honourable senator at a later sitting of the Senate.

• (1400)

**Senator Bosa:** Honourable senators, may I ask a supplementary question? Does Senator Haidasz have any instances or any reasons for bringing this matter to the attention to the Leader of the Government?

**Senator Perrault:** Honourable senators, I do not have the exact number of complaints received if, indeed, any official complaints have been received. There has been publicity given to this in a number of newspaper columns. The allegations are of concern. These representations are now being studied. I shall commit myself to giving a fuller explanation just as soon as one is available.

[*Translation*]

## SPORTS

### REQUEST THAT EDMONTON, WINNIPEG AND QUEBEC CITY BE ADMITTED TO NATIONAL HOCKEY LEAGUE—MOTION

**Senator Asselin:** Honourable senators, I should like to put a question to the Leader of the Government in the Senate. Last week I brought up the matter of a merger beween the National Hockey League and the World Hockey Association and made a few remarks on the subject. It seems that yesterday the matter was raised anew in the other place where unanimous consent was given to presenting to the directors of the NHL, who are now holding a meeting, the recommendation that they accept in their ranks the hockey teams of Quebec City, Winnipeg and Edmonton as members of the NHL.

As Parliament is still made up of the Senate and the House of Commons, would it not be indicated and proper for the Senate also to support that recommendation, and that it send a message to the directors of the NHL asking them to accept, in the ranks of the National Hockey League, the teams of the three cities I have just mentioned?

[*English*]

**Senator Perrault:** Honourable senators, if any member of the Senate wishes to make a motion that this house express its support for the merger of the World Hockey Association and the National Hockey League, he is free to do so.

Of course, there are many aspects to this proposed merger, most of a very tough, pragmatic, financial nature. I rather doubt that the WHA or the NHL will make their decision on sentimental grounds. However, I see no objection to any resolution or sentiment similar to that supported in the other place being expressed by this chamber. Indeed, I support the merger, as I am sure many other senators do. In the ultimate, I think a practical decision will be made by members of the World Hockey Association whether, indeed, they are prepared to accept the terms offered to them by the National Hockey League. It is a complex question. Certainly, there may be adequate sentiment here to support the senator's motion should he wish to advance it.

**Senator Asselin:** If I receive unanimous consent from the chamber, I am ready to make my motion now. Would that be proper?

**Senator Argue:** It must be by agreement.

**Senator Perrault:** You must seek leave.

**Senator Flynn:** Have the motion seconded by Senator Everett.

**Senator Asselin:** Very well. My motion is before the house.

**An Hon. Senator:** What is the wording of the motion?

• (1410)

**Senator Perrault:** Look at the motion passed in the other place yesterday.

**Senator Argue:** We will have our own motion.

**Senator Asselin:** In the other place the motion read:

[*Translation*]

> That the House express the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

[*English*]

**Senator Perrault:** Reference was made to the Vancouver Canucks—

**Senator Flynn:** The question on the motion has not been put.

**Senator Asselin:** This is not debatable.

**Senator Robichaud:** Honourable senators—

**Some Hon. Senators:** Order.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Everett:

[*Translation*]

> That the Senate expres the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

[*English*]

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

**Senator Macdonald:** Honourable senators, is there not a team in the United States that wishes to get into the act also? Should we include them?

**Senator Phillips:** Honourable senators, according to the CBC news at noon the governors of the National Hockey League are meeting in Chicago to consider this matter. I wonder if the honourable senator would include something to the effect that they meet in Canada instead of Chicago.

**Senator Argue:** Simultaneously.

**Senator McIlraith:** Honourable senators, it seems to me that we have lost a bit of perspective here in seeking to set aside the ordinary business of Parliament—

**Senator Flynn:** Leave was granted. It is too late for that.

**Senator McIlraith:** No.

**Senator Flynn:** Oh yes.

**Senator McIlraith:** Hear me out until I make the point. Perhaps I will be wrong, perhaps I will be right.

**Senator Flynn:** But you will take up much more time.

**Senator McIlraith:** In any event, I am entitled to be heard, even by the Honourable Leader of Her Majesty's loyal opposition in the Senate.

The point I wish to make is that it seems to me, as a matter of judgment, we are losing our perspective if we set aisde the rather important business slated to come before this chamber of Parliament today for discussion and consideration in order to discuss this measure which, at best, on its merits is quite popular in the country, and also quite violently opposed in the country, on an emotional basis, and strictly on an emotional basis. It is doubtful whether we will be acting properly in interfering in the internal operation of some businessmen of rather substantial means, who have gone into the business of operating professional hockey teams on this continent, and whether we should be expressing an opinion without evidence.

**Senator Flynn:** You are not dealing with a question of order. You are dealing with the motion itself now.

**Senator Asselin:** The motion has been made and the question has been put.

**Senator McIlraith:** The motion was put.

**Senator Flynn:** When you started by objecting to the motion I thought you were objecting to the motion being put.

**Senator McIlraith:** No, no. I am not objecting to the motion that has been put.

**Senator Flynn:** I thought you were objecting to the motion being put.

**Senator McIlraith:** The honourable senator proposing the motion obtained the consent of the Senate to have his motion put and it was put, and I am now speaking to the motion, as I have a right to.

**Senator Flynn:** Of course.

**Senator McIlraith:** It seems to me a very doubtful proposition for the Senate to pass judgment on a commercial enterprise carried out by the very able financial interests involved in professional hockey today. I have been very fond of professional hockey, but I dislike the game that is now being played because too often there is a total disregard for the rules. Fights are deliberately started by one team to weaken the other team, and such practices as keeping an opponent out of the play by holding his stick are rampant. These rule infractions show up clearly on television.

I am not sure that it would be a good thing for the government to be promoting this merger in light of the way in which the game of hockey is played today. Certainly, it is not something that should be supported in this manner without further consideration. Even after consideration, it would have to be decided whether we would be justified in meddling in a private enterprise properly and legally operating for commercial profit. There are times when Parliament should refrain from expressing an opinion.

There is very strong sentiment in the cities concerned in favour of playing as part of the National Hockey League. Quite some time ago when Ottawa had a team in the National Hockey League I had a record of never missing a game season after season; but why we should be preoccupied with this today and asked to take a decision on it without evidence and without in-depth consideration is beyond me. I would hope that the Senate would either delay action or omit taking action on the measure.

[*Translation*]

**Senator Robichaud:** Honourable senators, as a hockey supporter for many years, and indeed a hockey fan, I am very interested in the future of the national sport in Canada, which is hockey. To what extent should provincial and federal legislators intervene in that still remains a question not yet resolved.

[*English*]

I had thought at one time of introducing a motion similar to that which has been introduced by my good friend Senator Asselin, but I hesitated to do so because, even though I agree in principle with the merger of three World Hockey Association teams with the NHL, I am not sure that the terms now being offered to those teams are acceptable. For instance, teams in those cities would only be allowed to protect four players and they would then have to restaff their lineups with other players on the market. There might be great competition in hockey in Canada if that should be the case.

● (1420)

Honourable senators, for that reason I am in favour in principle of a merger of the two leagues, but the terms have to be acceptable to the World Hockey Association. As legislators we can say as much as we want that we favour the merger, but these businessmen will never agree to a merger if the terms are not acceptable to them. I think it is premature to vote on the motion; we can only say that we favour the principle of merger but not the terms that are being dictated at the moment.

**Senator Everett:** Honourable senators, if I understood Senator Asselin's motion correctly, I do not think he is attempting to interfere with a contractual arrangement that may or may not exist between the NHL and the WHA. He, like Senator McIlraith, I think, has faith in the fact that those businessmen are quite capable of looking after themselves and that they may or may not make a deal.

I suggest to you what he is trying to do is to say that in the best interests of Canadian hockey, the merger between the WHA and the NHL would be a good thing. What he is trying to reflect is a very emotional condition that exists in Winnipeg, Edmonton and Quebec City over the cavalier treatment that those people got at the hands of the NHL and the NHL owners—not American NHL teams but Canadian NHL teams, Montreal, Toronto and Vancouver. And if anybody thinks the matter is not serious, I suggest he come to Winnipeg or Edmonton or, I assume, Quebec City, where he will find that people are extremely upset.

All Senator Asselin is asking is that this house go on record as saying that such a merger would be in the best interests of Canada.

**Senator Perrault:** Honourable senators, I hope that we are not going to spend too long on this subject. Nevertheless, I intend to support the motion. Let me say, however, that there is very little sentiment in this process of attempting to merge the National Hockey League and certain teams of the World Hockey Association.

Let us recall the facts. A few years ago the owners of the World Hockey Association—all multimillionaires in their own right—decided to establish a league to compete on a full and equal basis with the National Hockey League. They said, "We are not going to pay any fees to get into the NHL. We are going to take the equivalent of these entry fees—$6 million per team—and we are going to raid the NHL rosters. Then we are going to buy up other hockey players in the country, including underage juniors, and establish a fully competitive major hockey league."

Again, I repeat, I do not oppose the motion but I suggest that we should not register our support without knowing the facts and with only naive enthusiasm to inspire us. The WHA owners took their gamble, a decision to establish a rivalry with the NHL. They said they would compete fully with the NHL. They raided the NHL rosters and hired away so many players that the average player salary in the NHL has been escalated to $95,000 a year, while ticket prices have soared.

The World Hockey Association has not worked out. Many teams have folded. The league is in serious trouble, as are some NHL teams, because of the battle for players and markets.

Honourable senators, this is not child's play. These owners are neither athletic philanthropists nor are they athletic or financial amateurs. We are dealing here with big business of the very largest kind. If this merger deal is put together it will be done on the basis of profit and loss or proposed profit and loss. There has been very little sentiment in this entire process. Both leagues are in trouble because of the constant competition for players and markets and television revenue. Let us not delude ourselves. For one, I should like to see this competitive insanity come to an end and some sort of single viable major league established with as many Canadian teams in it as possible, but let none of us support this motion because of naive or misguided enthusiasm in the belief that somehow we are supporting a great, patriotic, all-Canadian initiative, one which will advance the horizons of Canadian amateur sport. These are very highly paid players and very rich owners who are in hockey to make a very great deal of money if they can.

**Senator Flynn:** May I put this question to the Leader of the Government? I have no objection to his expressing himself as he has, but when he says, "Let us not get excited," is it not true that the government is excited when it makes a promise of a grant of $5 million to each city? The government is involved to that extent, and I don't think the honourable leader is giving us the government's view at this time. I thought that Senator McIlraith changed the subject, but I think you are doing worse.

[Senator Everett.]

**Senator Perrault:** Well, senators, as I have pointed out on other occasions, the proposal to assist the improvement of certain arena facilities in this country is intended to help both amateur sport and the professional teams that may use those facilities.

**Senator Flynn:** I know that.

**Senator Perrault:** I say again that I think this resolution should be supported, but let us have no illusions. These meetings in Chicago are going to be held on the basis of dollars and cents.

**Senator van Roggen:** Honourable senators, I would first like to make the point that although the motion has now been put, there were several rather vociferous voices from this part of the chamber against giving unanimous consent. Be that as it may, I suppose as a Canadian I would agree that it would be of some benefit to Canada to see these squabbling leagues put together in some form; but I think it is a travesty of the dignity of Parliament to come forward—and I do not care what they did in the other place—with a resolution that can only be based on emotion. Nobody has brought to me any evidence of what this is all about, nor has anyone explained it to me. Not one of our committees has considered the matter.

There are some big, very cold-blooded, very cold-eyed businessmen, dealing in millions and millions of dollars making their deals without any emotion whatever, and we are now proposing to dignify what I can only categorize, from what I have seen of them, as their totally commercial enterprises, by involving Parliament in this process on a purely emotional basis. I think it is most unfortunate that, as Senator McIlraith has said, we should be putting aside the important business that Parliament has to transact in order to deal with this type of thing. I rather object to being asked to support something of this nature, of which I have, basically, no knowledge whatever. If I had some such knowledge, I might well support it.

**Senator Flynn:** But the government does have knowledge. This is the problem.

**Senator van Roggen:** I don't know that the government has such knowledge; but just because the House of Commons does something of this sort—

**Senator Flynn:** Not only the House of Commons, but the government.

**Senator van Roggen:** This motion is put by someone on your side today.

**Senator Flynn:** We are supporting the government's policy. If you tell me that the government is wrong, I am going to support you.

**Senator van Roggen:** The government may have much more knowledge than I have, and perhaps it is perfectly correct. I just do not like being asked to support a motion on an emotional basis, without having more knowledge of why we are doing so. I am not going to support it.

**Senator Buckwold:** Honourable senators, I would like to take a moment, as Chairman of the Parliamentary Committee on International Hockey, to tell you that I support Senator Asselin's motion, because all it does is indicate a wish that this thing take place. It is not an order, but an expression of support for the idea that it would be desirable in this country to have these Canadian teams playing in the National Hockey League, not only from the point of view of the teams but of the fans, the people who watch hockey games on television. You may recall that the Committee on International Hockey, consisting of four members of the House of Commons and myself as chairman, sat last year, and time and again the committee heard evidence to the effect that it was unfair that a large number of Canadians were being denied the opportunity to see their own teams on national television. It was impossible for them to see games other than those played in Vancouver, Toronto and Montreal.

● (1430)

So without in any way getting into the merits, financial or otherwise, of this so-called merger, or of bringing Canadian teams into the Canadian National Hockey League orbit, certainly in principle I don't see how anyone cannot support the desirability of it, and I read that as the motion of Senator Asselin.

**Some Hon. Senators:** Question!

**Senator Grosart:** May I ask that the motion be read before the question is put so that further discussion may take place if honourable senators so desire.

**The Hon. the Speaker:** It is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Everett:

> That the Senate express the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

It is your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** No, no.

**Senator Guay:** Honourable senators, the way in which the motion reads is not the way in which it was explained to us by Senator Everett, Senator Perrault, and Senator Buckwold, who was Chairman of the Committee on International Hockey. If I understood the motion correctly as it was read by Her Honour the Speaker, it was to the effect that three WHA teams should be admitted to the NHL, but I would say that the motion explained earlier was to the effect that consideration be given to having those teams admitted.

**Senator Buckwold:** The motion expresses the wish that this should happen. The motion that was adopted in the other place, if I may respond—

**Senator Grosart:** Are you making a second speech, senator?

**Senator Buckwold:** Is there some opposition to my trying to explain the motion?

**Senator Grosart:** I am simply asking if you are going to make a second speech.

**Senator Buckwold:** If you object, then I won't. All I am saying is that the motion expresses a wish that a certain thing should be done. That is all that is said in the motion that was adopted unanimously in the other place without debate, and certainly I don't see anything wrong with it in principle right now.

**Senator Flynn:** May I move the adjournment of the debate until later this day?

**Senator Argue:** The meeting in Chicago will be over then.

On motion of Senator Flynn, debate adjourned.

## VETERANS AFFAIRS

### SALE OF VICTORIA CROSS—QUESTION

**Senator Marshall:** Honourable senators, I would like to direct a question to the Leader of the Government about the reported sale of a Victoria Cross. The decoration was described as being "sold to help a widow." I am wondering if the leader could extract an undertaking from the Minister of Veterans Affairs to investigate and determine if, indeed, in the case of a winner of the Victoria Cross—the highest award for valour in the Commonwealth—the pension or help given his widow by the government was such that she had to sell his Victoria Cross.

**Senator Perrault:** Honourable senators, I shall be most pleased to discuss with my colleague, the Minister of Veterans Affairs, the question raised by the honourable senator.

The honourable senator referred to the Victoria Cross being sold—and I think the amount was $40,000—but I would point out that this award is never capable of being sold. The honour remains. Only the piece of metal may be sold, as much as some of us may regret and deplore such transactions. It is unfortunate that economic necessity may arise that compels such sales.

## PARLIAMENT

### OFFICIAL REPORT (*HANSARD*)—PRICE INCREASE—QUESTION

**Senator Buckwold:** I should like to pose a question to the Leader of the Government. Another senator and I asked about the price of *Hansard*, and were advised by the leader that information would be forthcoming regarding the proposal reported in the newspapers that the price for *Hansard* is to be $65 per year. Some information I have received indicates that is now an established policy of the government. A copy of a letter that was sent to me by one of those who is upset by this substantial and prohibitive increase indicates that the Minister of Supply and Services has supported it.

My question then to the leader is: May we receive an answer to this question since it does concern many Canadians who are very upset at the great increase?

**Senator Perrault:** Honourable senators, I have received some preliminary information with respect to the matter, and I understand that certain copies of the journals of this and the other place will continue to be made available at nominal cost or on a gratis basis, while in certain other distribution categories additional charges will be levied.

I have some information from the Minister of Supply and Services. His explanation reads as follows:

> Current restraint necessitates that choices be made amongst competing claims on limited public resources. All possible alternatives having been thoroughly explored, a final decision was made to remove the subsidy for parliamentary documents. The effect of this decision is that rather than being subsidized with public funds, the price of parliamentary documents will more closely reflect production costs.
>
> In addition, organizations such as federal government departments, senior public servants and special interest groups, which have resources to purchase Government publications, will no longer have free ordering privileges.
>
> Funds thus released will enable public and educational institution libraries, serving a large number of users within the community, to continue receiving Government publications, including parliamentary papers, free of charge. In this way, the availability of government information to Canadians will be maximized.

That is the only information I have available at the present time. There is no reference, however, to the $65 amount or any other amount.

**Senator Buckwold:** I think the Canadian public should be given that information as soon as possible. There are many Canadians who subscribe to *Hansard* who pay a modest sum to receive it. They find that is the best way of receiving information about Parliament. They certainly do not receive it from the press or TV normally. I think we should be told as soon as possible what the subscription cost will be for the ordinary citizen.

**Senator Perrault:** Honourable senators, further information will be sought. I believe many honourable senators agree that $65 a year for parliamentary journals is a large amount for many individuals and families in this country. However, such amounts may be necessary in view of escalating printing costs.

## ENERGY

### NORTHERN PIPELINE—QUESTION

**Senator Olson:** I should like to ask the Leader of the Government if he has received a report to the effect that the United States government is asking Canada to change its procurement policy for the northern pipeline or if this remains in the category of press speculation that I have seen.

● (1440)

**Senator Perrault:** That information is currently being sought. No information has yet come on the subject. I hope that it will be here shortly.

[Senator Buckwold.]

### REPORT OF NATIONAL ENERGY BOARD—QUESTION

**Senator Austin:** I should like to ask the leader whether the government will shortly be announcing a conclusion to its consideration of the report of the National Energy Board on the export of natural gas from the province of Alberta.

**Senator Perrault:** I will take the question as notice.

## AIR CANADA

### REDUCED FARE MARKETING PROGRAM—QUESTION

**Senator Smith (Colchester):** I wonder if I might ask the Leader of the Government if there is anything he can say with reference to the apparent difference of opinion between the Civil Aeronautics Board in the United States and the similar authority in Canada about the so-called reduced fare marketing program of Air Canada.

**Senator Perrault:** My understanding, honourable senators, is that the situation is fluid at the present time. No final determination has been made. However, that information will be brought to the house.

**Senator Marshall:** It is still up in the air.

## POST OFFICE ACT

### REGULATIONS—QUESTION

**Senator Grosart:** I should like to put a question to the Leader of the Government with respect to a document that is headed: "Regulations Respecting Second Class Mail," as amended 1st of April, 1978. For the short title it says: "These regulations may be cited as the Second Class Mail Regulations." This is followed by an interpretation clause and then some other operative clauses. Finally, there is Schedule A. Paragraph 1 reads: "Notwithstanding section 11 of the Post Office Act, the rates . . ." et cetera.

Can the Leader of the Government indicate in due course, or as soon as possible, the authority under which regulations can set aside the Post Office Act?

**Senator Perrault:** Honourable senators, that information will be obtained.

## VETERANS AFFAIRS

### DVA PUBLICATIONS—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 37—**By Senator Marshall:**

1. When was the DVA publication *Pension for Disability and Death Related to Military Service* printed?
2. How many copies were printed?
3. What was the cost of printing?
4. How many were distributed, and to whom?
5. By what means were they distributed?
6. Has the publication been revised as a result of amendments to legislation, and, if so, on what date is the revised publication expected to be released?

*Reply by the Minister of Veterans Affairs:*

1. September 1971.

2. 257,000.

3. $20,676.28.

4. 219,000 to veterans and the general public, veterans organizations, senators and members of Parliament.

5. By mail and personal requests.

6. Currently being revised.

## TRADEMARK BILL, 1979

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Rizzuto, for the second reading of the Bill S-11, intituled: "An Act relating to trademarks and unfair competition."—(*Honourable Senator Grosart*).

**Senator Grosart:** I yield to Senator Godfrey.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Godfrey:** Honourable senators, I just want to take this opportunity of replying to a question asked by Senator Grosart yesterday as to what the intention of the government is with respect to this bill.

The government does not want to proceed with the bill in this session. Seminars have been held across the country and some useful suggestions have been made by the trademark experts who attended them.

I have seen a draft of a letter, which it is expected will go out today or tomorrow to trademark agents across the country, advising them that the matter will not be referred to a committee of the Senate in this session and asking them to make representations to the department by May 31. The department will consider those over the summer and reintroduce the bill next fall.

The indications are that there are some useful suggestions that have been made which will help to improve the bill.

**Senator Grosart:** In view of the statement just made by Senator Godfrey, may I ask the Leader of the Government if it is the intention to remove Item No. 1 from the Order Paper?

**Hon. Senators:** Agreed.

**Senator Godfrey:** May I comment on that suggestion? It might be useful to leave the item on the Order Paper in case any senator wishes to speak and suggest improvements to the bill.

For example, when I introduced this measure and brought it to the attention of the Senate, Senator Grosart made a useful point concerning the use of the word "otherwise" in clause 11. I think some useful purpose is served by leaving it on the Order Paper. If any honourable senator receives a representation respecting this legislation and wishes to speak to it, then it is on the Order Paper.

**Senator Perrault:** I think Senator Godfrey has advanced a splendid suggestion. I know all honourable senators would welcome a contribution by Senator Grosart to this debate. I am sure he has a number of ideas on the subject, and we would be delighted to hear them.

**Senator Grosart:** On the contrary, I suggest to the Leader of the Government, in view of the facts now before us, that if this order is to stand it stand in his name and not in mine.

**The Hon. the Speaker:** The order stands in the name of the Honourable Senator Perrault.

Order stands.

## ENERGY SUPPLIES EMERGENCY BILL, 1979

SECOND READING

**Hon. A. Hamilton McDonald** moved the second reading of Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada.

He said: Honourable senators, before attempting an explanation of Bill C-42, it might be apropos if I say something with respect to the background of energy problems in Canada and in the Western World. I should like to begin by saying that once again we are faced with uncertainty associated with petroleum supply and distribution affecting the non-communist world.

The revolution in Iran has created a major supply difficulty. Iran, the second largest OPEC oil producer, has exported little crude oil since December 26, 1978. Six million barrels a day of Iranian production, roughly 20 per cent of OPEC production, has not been available since that date to OPEC customers. Some of that shortfall has been made up on a temporary basis by other OPEC producers. The net shortfall, in terms of non-communist world consumption, is about 5 per cent.

Our hope is that political stability in Iran will be restored quickly and that Iranian oil will once again flow freely to world markets, but we cannot be sure when that will occur. There are disturbing signs that it may be many months, and perhaps years. In view of these disturbing signs it seems to me that we cannot be certain of what policies other OPEC nations will adopt, or whether other events will intervene.

If Parliament were to be in continuous session, it might be wise to postpone this legislation; but given the fact that the dissolution will occur this year—I hope—

**Senator Flynn:** Hah!

**Senator McDonald:** —the government believes it wise to secure the necessary authority now to deal with an energy emergency which could arise after Parliament has been dissolved. Its introduction now is a precautionary measure to protect Canadian energy supplies.

Canada is a net importer of oil. Since the 1973-74 crisis, we have been able to reduce the dependence of eastern Canada on imported supplies. In 1973-74 Quebec and Atlantic Canada imported close to 800,000 barrels of oil a day. The government took measures to have an oil pipeline built to carry Canadian crude to the Montreal market. At the present time that pipeline is carrying something over 300,000 barrels a day of Canadian crude, thus reducing the total exposure of eastern Canada to importation to approximately 500,000 barrels a day. About one-fifth of those 500,000 barrels a day came from Iran before the shutdown. Another 200,000 barrels a day came from other Middle East and non-western hemisphere sources. Approximately 200,000 barrels a day were sourced in Venezuela. Altogether our imports of 500,000 barrels a day are equivalent to about 30 per cent of our total requirements.

● (1450)

The companies affected have been able to offset their shortfalls temporarily through alternative overseas sources as well as increased production from our own domestic sources. Increased domestic supply has reached eastern Canadian refineries through exchange agreements with companies in the United States. The National Energy Board has been asked to authorize such exchanges to meet demonstrated shortfalls in our imports with a view to assuring oil supply for Canadian consumers and the maintenance of our inventories.

The government has been in touch with the provincial governments on these matters, and everything is being done to ensure maximum utilization of western Canadian crude in eastern provinces which are vulnerable to this import disruption. We should be particularly appreciative of the co-operation which the Government of Alberta and its agencies have given the country.

But these measures are not enough. The government may have to take further action by imposing demand restraints, and perhaps allocation of crude oil and petroleum products. What the government seeks is the necessary legislation authorizing it to take these steps, if necessary.

I am therefore proposing Bill C-42, to provide the means to allocate available energy within Canada during periods of supply disruptions caused by shortages or market disturbances outside our control. These measures would be necessary to fulfil our commitment under the agreement on an international energy program or in any national energy emergency unrelated to the triggering of the international energy oil sharing system.

I am sure that all honourable senators are aware that in the aftermath of the 1973-74 Arab oil embargo and production cutbacks, Canada, the United States and 14 other member countries of the Organization for Economic Cooperation and Development, or OECD, got together to see what could be done to deal collectively with possible future crises. In November 1974 those countries entered into an agreement on an international energy program. Three other countries subsequently joined and the membership may soon increase to 20, since Australia has applied to join.

[Senator McDonald.]

A central feature of the agreement is an emergency oil sharing system which provides for the equitable distribution of available oil in an emergency. The fair sharing is based on the historical consumption and net imports of each member country. The sharing system is triggered when a formal finding is made that the group of countries has suffered a loss in its oil supply equal to 7 per cent or more of its average consumption.

The agreement commits each member country to have in place adequate legislative authority to permit the imposition of mandatory control over the use and consumption of oil during an emergency, and to have by 1980 reserves of petroleum equal to 90 days of its net petroleum imports.

Canada has already met this emergency oil reserves commitment to the International Energy Agency. This is because we import only about 200,000 barrels a day on a net basis. Our imports, as I mentioned earlier, are about 500,000 barrels a day. This is partly offset by exports of oil and natural gas liquids of nearly 300,000 barrels a day. Yet our whole national oil inventory, of perhaps 130 million barrels, is counted toward our International Energy Agency commitment.

However, that amount of 130 million barrels is equivalent to only 75 days' supply when measured against our total consumption rate rather than our net imports. We must not, therefore, plan to rely on oil stocks for an indefinite period to meet overseas supply shortfalls. For one thing, they cannot be drawn down to zero days without serious shortages occurring. For another, they are distributed right across our very large country, whereas supplies are likely to be hit on a regional basis.

We must not be complacent as a result of what may, in statistical terms, appear to be a strong stock position. Adequate legislation is needed to enable us to deal with petroleum emergencies by means of allocation and, if necessary, rationing programs.

Honourable senators will recall that we had the Energy Supplies Emergency Act, Bill C-236, assented to on January 14, 1974, which, after a life span of two-and-a-half years, lapsed on June 30, 1976. That bill was created in response to the Arab oil embargo and production cutbacks in late 1973 and early 1974. The present bill is essentially the same as the previous act, with some minor changes, to which I shall draw honourable senators' attention.

First let me outline the principal features of the bill. The bill would create legislation to deal with emergency shortfalls of petroleum and certain alternative fuels such as coal and natural gas. Such shortfalls could occur as a result of disruptions in supply due to shortages or market disturbances affecting the national security and welfare and the economic stability of Canada. The actual causes of such a shortfall or disturbance could be natural disasters, technical problems, strikes, embargoes, or any other kind of emergency, including, of course, events far beyond our borders and quite outside the control of the Government of Canada.

The allocation powers provided in the bill would be invoked by the Governor in Council when, in his opinion, by reason of

shortages or market disturbances, the national security, welfare or economic stability of Canada is affected to the point where, in the national interest, it is necessary to conserve our supplies of petroleum products.

The legislation authorizes the Governor in Council to appoint an Energy Supplies Allocation Board composed of up to seven members including a chairman. Under the previous act there were five members including a chairman. It is envisaged that appointments to the board would reflect the interests of producing and consuming provinces, the consuming public and the petroleum industry.

In the event of an emergency being declared by the Governor in Council, it will be the board's job to implement a mandatory allocation program to assure sufficient supplies of all oil products and their equitable distribution. This is provided for in Part I of the bill. Among other things, this activity would include: first, designating the regions of Canada in which the program is to be implemented, if the whole country is not to be involved; second, specifying the petroleum products that are to be controlled; third, providing for the systematic allocation of the controlled products on a priority basis; and, fourth, setting up an appeal system to hear possible complaints.

Under the planning which has already been done, three degrees of priority are recognized: first, critical—that is, dealing, for example, with health services, security and food production; second, essential services—having to do with manufacturing industry and employment; and, third, non-essential uses—for example, leisure activities.

Honourable senators will recognize, of course, that price control is a necessary part of any allocation scheme. The board, therefore, will also be empowered to make regulations prescribing the price at which, or the range of prices within which, any controlled product may be sold. This authority, like all other regulations made by the board, will require the approval of the Governor in Council.

• (1500)

Part II of the bill relates to the rationing of controlled products. This part will be activated when the Governor in Council instructs the board to extend the mandatory allocation program if it appears that the supplies of a controlled product are, or are likely to be, so short as to cause a mandatory allocation plan to fail. A rationing program for motor gasoline has already been developed under the previous act and can be implemented with a lead time ranging from three to six months.

One change in the bill from the former Energy Supplies Emergency Act relates to this rationing program. This envisages the use of the chartered banks in the administration of the program by handling coupons and coupon accounts, and they have agreed to do this. The banks are enabled to take part in the scheme, despite any provisions in the Bank Act that may prevent them from doing so. The post offices will be used for the primary distribution of coupons to the public.

**Senator Smith (Colchester):** Did you say that the Post Office will be distributing something urgently?

**Senator McDonald:** The post offices will be used for the primary distribution of coupons to the public.

**Senator Phillips:** How is the Post Office going to distribute coupons?

**Senator McDonald:** If honourable senators will hold their questions until I have completed my remarks, I shall be pleased to try to answer them.

**Senator Phillips:** You cannot.

**Senator McDonald:** The emphasis in any allocation program will be on practicality and simplicity in implementation. The Energy Supply Allocation Board, therefore, will have to seek the advice of oil companies. This may involve the companies in collective discussions of such advice to the board and in co-operative action. With this in view, special provision is made in the bill in case the companies are required—and I must emphasize the word "required"—to enter into agreements, arrangements or courses of action which might involve contravention of the Combines Investigation Act. The board may exempt, in those circumstances—and only after consultation with the Minister of Consumer and Corporate Affairs—an applicant and such other persons as it deems necessary from the provisions of the Combines Investigation Act, but only to the extent required to enable the applicant to comply with the allocation program.

The legislation empowers the board, in order to make better use of the available supplies of a controlled product, to make special regulations providing for a temporary relaxation of certain laws that currently restrict the emission of sulphur pollutants into the atmosphere. However, this would be done upon the issue of short-term permits and only after consultation with the Ministers of the Environment and Health and Welfare.

There are also provisions in the bill to enable the National Energy Board and the Canadian Transport Commission to co-operate with the Energy Supplies Allocation Board, which will be co-ordinating programs in order to ensure that petroleum products may be moved as directed by the board in order to relieve anticipated shortages.

Finally, this law will require the compulsory termination of a mandatory allocation program after 12 months, unless such a program is extended by the order of the Governor in Council, with the approval of Parliament. However, no such order may extend the mandatory allocation program for longer than 12 months at a time. The bill requires that a motion to adopt an extension order be tabled in each house of Parliament within seven days after it has been made. If the House of Commons negates the motion, the allocation program shall thereupon terminate.

Allocation and rationing plans have been developed since 1974 by the then Energy Supplies Allocation Board and, since its demise, by officials of the department. These plans would form the basis of programs to be implemented by a recreated Energy Supplies Allocation Board. They have been evolved as

a result of extensive consultation with provincial governments, the petroleum industry and representatives of petroleum-consuming interests. I would expect this process of consultation to be continued by a new Energy Supplies Allocation Board. As I have already indicated, membership on the board itself would reflect provincial, private consumer and industrial interests.

I referred earlier to the political developments in Iran and the cessation of oil exports from that country. This incident has brought home once again the fact that an interruption in the supply of offshore oil can occur with little warning. If the current disruption continues for several more months, the total shortage of supply could cause the activation of the Emergency Oil Sharing Plan by the International Energy Agency. By participation in this agreement, Canada is committed to have ready at all times a program of contingent oil demand restraint measures enabling us to reduce our rate of consumption. Some International Energy Agency member countries have already publicly announced measures to deal with disruptions of oil supply to their countries. As far as we are concerned, we have the necessary plans in place. What is urgently required now is the legislative authority to move quickly, if we have to, to implement our allocation and rationing plans.

When the allocation program is ready, crude oil allocation could be implemented in seven days. The petroleum product allocation program would take 60 days to implement, and the motor gasoline rationing program would require a lead time of up to six months. What is needed now is legislation in place to enable the government to implement these programs without delay should we face a serious shortage of supply.

It is on this basis that I commend Bill C-42, the Energy Supplies Emergency Act, 1979, to the Senate.

**Senator Phillips:** Honourable senators, I do not want to call my honourable friend's remarks a tirade, for lack of a better name, but at certain times he mentioned seven days as being required for certain types of oil and a different period for another type of oil. May I have those periods explained again? I should say that I do not wish to embarrass my honourable friend by asking this question.

**Senator McDonald:** I can assure my honourable friend that I am not embarrassed, and I can also assure him that if I were going to give a tirade my remarks would have been much longer and louder than they were.

However, in reply to the question, I said that the program to allocate oil across Canada could be brought into effect in seven days if this legislation is passed. The petroleum products allocation program would take up to 60 days to implement, and to implement the rationing program respecting gasoline for automobiles will take anywhere from three to six months.

**Senator Phillips:** Without this legislation, how many days would it take to allocate the amounts of fuel required for various people?

**Senator McDonald:** Without this legislation there is no authority to allocate petroleum products. This legislation gives the government the power to allocate petroleum products.

[Senator McDonald.]

**Hon. Duff Roblin:** Honourable senators, one of my colleagues, for whom I have high regard and who shall be entirely nameless, reminded me that those who love law and sausages should never watch them being made. I thought that observation entirely appropriate to the discussion of this bill, because I confess the reading of Bill C-42 was a very melancholy exercise for me. So, I am at one with my friend on the law, although I am not so sure he is right on the sausage, but I will take his word for it.

However that may be, the reading of this bill was a melancholy exercise for me because of the nature of the bill itself and because of the reflections that it prompts on the state of Canada's oil supply in this year of grace 1979, for I would have thought that three international oil supply and price crises in the past half decade or so might have sufficiently concentrated our minds to produce an energy supply policy for Canada that would be sufficiently effective so that a bill of this kind would not be needed insofar as our domestic arrangements are concerned.

● (1510)

Instead of such a desirable situation, we are asked to support Bill C-42 on the one hand, and, on the other, to contemplate with some nationalistic satisfaction the exchange of views between our Minister of Energy and one of the more ham-handed of the seven sisters. Neither of those exercises, I suggest, will add much to the security of oil resources for the people of Canada. It seems to me that if we ever needed any evidence of the fact that Canada is not immune to the precarious nature of world oil supplies we have it here; and we have evidence, if further evidence is needed, that the people in the Atlantic provinces in particular, of all Canadians, are most seriously exposed to the instability of Middle East politics.

So, under these circumstances, I find it my duty to examine with some care the principles, the *modus operandi* and some of the spillover effects that we find in Bill C-42, and I must ask the indulgence of my colleagues to deal with the subject, which is dry in the normal view of people who have to listen to an analysis of legislation of this nature, but which nevertheless might have some importance to those who value our system of parliamentary and representative government, and who are concerned about the power of unrestricted and autocratic bureaucratic initiatives respecting the problems that we face in our country today.

Whatever may be the real need for Bill C-42—and there may be some—it is plain to see that we do not need Bill C-42 to deal with the present emergency, if it can be called that. There is a variety of powers at the disposal of the government, some of which they are using, to shore up the supplies of oil to Atlantic Canada. We have the swap arrangements; negotiations with Venezuela and Mexico, and conservation measures that could be proposed; the possibility of dedicating gas supplies through the extension of the pipeline, if the government should decide to do it; the question of export and import of oil and gas; and the moderation of energy cost impact. These are all matters that can be handled without the invocation of the powers of Bill C-42.

There was an interesting analysis of the situation by W. A. Wilson that caught my notice. I like Mr. Bill Wilson, because he usually has a very straightforward and commonsense approach to problems, and though I do not find him supportive of all the principles and policies that I would be inclined to support, he is a good touchstone on many matters. He said:

> The energy bill is very sweeping, virtually a War Measures Act in the field of fuel. To maintain a sense of perspective, the full range of powers provided in this bill can be placed against the far more limited powers actually employed during the period in 1973 when supplies were upset by the Arab boycott. A bill of this sort was not found necessary then, and this inevitably raises the question as to why the government now considers it necessary to bring such sweeping powers into being on a standby basis.

While I don't regard his argument as watertight—because I am going to refer to it later on—I think it does represent a legitimate approach to the problems that this bill raises.

My honourable friend who introduced the bill gave us, I think, a helpful explanation of the International Energy Agency, and that certainly must be considered in the context of this legislation. I agree with him on that point. He told us that it was established in 1973 after the OPEC price crisis, under the aegis of the United States Secretary of State, Dr. Kissinger, under which some 20-odd nations have agreed to band together. The main purpose of this activity was to present a common front against the OPEC system, and to have a common consideration of the oil energy supplies, and perhaps other energy supplies as well, that were of concern to them.

The agreement provides for the sharing of supplies of oil in times of emergency, which has been described in part by my honourable friend; it provides for the promotion of oil conservation; it provides for the stimulation of research into alternative energy supplies; it provides for research and development in this field; and it provides for governments, at regular intervals, having their policies and practices surveyed by representatives of this organization so that some independent judgment may be exercised as to their efficacy.

This International Energy Agency agreement led to the passage of a bill in 1974, to which my honourable friend has referred, which gave the power to implement Canada's undertakings under this agreement. It is indeed true, as my honourable friend said, that three years ago or less the bill lapsed, and it must be a matter of comment that it was able to stay lapsed—if I can use that expression—for a period of more or less three years, in which apparently we had no authority to discharge obligations that we had taken under the International Energy Agency.

I suppose that one could make an argument for Bill C-42, saying that current events have underlined the need to reinstate that power in the federal government, because among the most important provisions of the agency was this question of sharing supplies. If any member suffers a loss of 7 per cent, it triggers certain activity among the rest in order to help the member who has suffered the loss through a time of difficulty. Such decline triggers certain obligations with respect to the sharing of supplies among the whole group.

The fact is, of course, that if world supplies fall far enough, then a very serious obligation is imposed upon the Canadian nation, because if those supplies fall so far that they reach a very low level of availability, then nations like Canada, who have domestic sources of supply, are called upon under this agreement to share their domestic sources of supply with the other members of the International Energy Agency. That is a very important international undertaking that we have assumed, and I have to confess that it was not until recently that I was aware of the serious nature of this obligation.

It may be said, I think with some force, that while that is provided for in the agreement, it is unlikely to happen, because it would mean such a catastrophic fall in supplies of oil as to be a matter of grave international concern—and, of course, that is right. It is perhaps optimistic, or perhaps in order, to say that we never envisaged that there should be such a decline in international oil supplies as to invoke this part of the International Energy Agency agreement. But I have to remark that we did not envisage the current crisis in Iran either, and it is not today beyond the bounds of possibility to think that such a shortfall in world energy resources might indeed be contemplated. If one reads the reports of the CIA in the United States—which is not really recommended reading, I suppose, for Canadian parliamentarians—they make the point quite clearly. I think we had a story about that in the morning papers, which indicates how serious the matter could become.

There is no need to be unduly gloomy about it, but it is necessary to recognize that that possibility remains, that under this agreement we may be asked to share the domestic product that we produce in Alberta and elsewhere in this country with other nations in the International Energy Agency. We must be clear that this agreement certainly cuts across the constitutional division of powers between the federal and provincial governments; that it affects what is probably one of the most sensitive areas of constitutional discussion today, that of natural resources.

● (1520)

While the sponsor of the bill did not say so, it must be clear that this bill rests on the "peace, order and good government" powers of the federal authority. That seems to be the constitutional basis on which it could be considered here. The potential problems of reconciling the situation that I have described and the consequences of the provisions of this legislation with respect to legitimate provincial interests and legitimate federal interests is a matter which can only be hinted at, although certainly they are entrenched upon. I was pleased to hear my honourable friend make some reference to the co-operation the federal government has received from one of the oil-producing provinces in the present situation.

If that is the justification of the bill—and it is certainly one of the justifications—let us see how the federal government proposes to implement the powers contained in Bill C-42. I would like to describe this bill as Draconian. That is a word

that should be used with some reservation, but, on examination of its clauses, the bill is indeed a Draconian measure. It extends the fullest plenitude of power to those who are responsible for managing the energy supply situation in the country. I could use a phrase that is popular in the United States today and say it is the moral equivalent of war in this field, and indeed I believe it is.

There are several ways in which this bill goes about its business. First of all, it provides for a mandatory allocation of energy supplies, and we should be clear that under this mandatory allocation those in authority may discriminate or, to use a less emotionally loaded word, choose or select among the different regions of Canada, among the products that are going to be controlled in terms of priorities and quantities. In addition, "supplies of energy" is defined on a relatively broad basis. It covers oil in the first instance, but it can be extended to gas and coal. There is a very interesting reference to extending the powers of the bill to electricity although, for reasons which are logically obscure to me, it is dealt with on quite a different basis from other forms of energy that we have talked about. Perhaps we will receive some explanation during consideration in Committee of the Whole as to what is intended in that respect.

It should be clear that any item manufactured in whole or in part from any of these prescribed energy supplies may be included in the control measures that are laid down. We can envisage not just oil and natural gas coming under attention, but fertilizer, plastic or synthetic fibre manufacturers—the whole host of petrochemical products would come within the ambit of this legislation.

That is the mandatory allocation of energy supplies. If that is deemed inadequate to do the job, there is then rationing. The power is granted to impose rationing on all and sundry, including the ultimate consumer. Those are the two main operative clauses of the bill.

With respect to the powers contained in the bill, it is proposed that these operations be dealt with mainly by regulation; the power of regulation assisted—and I am going to come back to this with some emphasis—assisted by the power of delegation. I don't suppose there are many of us who care much about regulation and delegation and other esoteric matters of that kind, but I am one of those who think they are important matters.

Honourable senators will see set out under clause 16 a list of the regulatory powers provided with respect to the mandatory allocation of energy supplies. In their endeavour to cover everything, the draftsmen have set down a list from (*a*) to (*r*), and if one reads those paragraphs, one gets the impression that they are thorough, if nothing else. But just to make doubly sure, when we get to the bottom of clause 16, after providing that the Governor in Council "may make such regulations as may be necessary in the opinion of the Board to carry out effectively a mandatory allocation program for any controlled product and, without limiting the generality of the foregoing, may make regulations", following which are paragraphs (*a*) to (*r*), we then have paragraph (*s*):

[Senator Roblin.]

> (*s*) respecting such other matters or things, whether or not of a like kind to those referred to in paragraphs (*a*) to (*r*), as the Board considers necessary for the purpose of carrying out a mandatory allocation program for a controlled product.

It is hard to imagine anything more sweeping or more inclusive than that. There is no requirement that it have anything to do with the items covered in the regulation section proper. It simply takes in the whole wide world at one sweep of the draftsman's pen. I think that is worthy of the attention of this house.

I do not know of any other piece of legislation, other than perhaps the War Measures Act, which contains such a sweeping proposal, and this is not the only instance where one finds it. Under Part II, clause 20, honourable senators will find that they go from paragraph (*a*) to paragraph (*k*) in dealing with the regulations that are detailed and specific, and then we come to paragraph (*l*), which is the same good old catch-all provision. It reads:

> (*l*) respecting such other matters or things, whether or not of a like kind to those referred to in paragraphs (*a*) to (*k*), as the Board considers necessary for the purpose of carrying out a rationing program.

That takes in the whole wide world. I think one could regulate a great many things under this provision which were never meant to be so dealt with. I am one of those who have always felt that the power of regulation, which is in effect the power to make law, has to be handled with great care.

**Senator Forsey:** Hear, hear.

**Senator Roblin:** It seems to me that the two paragraphs I have quoted certainly go far beyond anything that could be reasonably required.

If this weren't enough, there are many more powers given. For example, this proposed act can set aside and override quite a number of acts of the Parliament of Canada and the regulations of boards. The National Energy Board Act may be set aside, as may the Railway Act, the National Transportation Act, the Canada Shipping Act, the Motor Vehicle Transport Act, any provincial statute, any municipal regulation, property and civil rights, private contracts, environmental protective measures—and my honourable friend mentioned that category in introducing the bill—and also, believe it or not, as he also mentioned, the Bank Act and the Post Office Act. These acts are all superseded by what goes on by regulation, if you please, under this particular piece of legislation. I am wondering whether or not we are giving the power under this bill to actually legislate as opposed to making subordinate regulations under the law.

The National Energy Board is invested with additional powers. Subclause 26(5) reads:

> The National Energy Board is hereby vested with all such powers, in addition to its powers under the National Energy Board Act, as are necessary to enable the National Energy Board to carry out or enforce a direction of the Energy Supplies Allocation Board.

Very few of these matters—and I will come to them in detail later on—are subject to concurrence by Parliament. A few may be laid before Parliament—there are two to be concurred in and a few laid before Parliament—but there is no reference to informing Parliament of this super-overriding of the law such as is indicated in the clauses I have referred to.

"The National Energy Board is hereby invested with all such powers . . ." You cannot do much better than that. But they have. They kept a climax. Not only are these powers of regulation subsumed in the bill, not only are these statutes specifically overridden by this bill, not only can the National Energy Board do anything it wishes in order to comply with the orders of the people who are operating this bill, but these powers can also be delegated.

● (1530)

Now, that, I think, requires our attention because it is one of the great principles of the parliamentary system that a delegate should not be allowed to delegate his power to somebody else. It is subclause 9(2) of the bill that covers this, and it says:

> The Board may by order delegate, in whole or in part, to any person, body or authority any of the powers or duties of the Board arising out of any regulation under this Act, and such delegated person, body or authority may exercise the powers and shall perform the duties so delegated.

Well, it is a little hard to beat that. I would like to meet the draftsman of that clause and shake his hand. He certainly covered the waterfront.

I have to warn you that I am not the best authority in constitutional matters. The best such authority in this house is sitting behind me, and he, I am sure, will be able to fill in any lacunae that I leave in my exposition of this particular question. If you want, however, to have some idea of the implications of the subdelegation of regulation-making powers such as is provided for here, you should take a look at one of the documents that this house has dealt with on previous occasions. I am referring to the report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to this house on February 3, 1977. I dare say the report was concurred in by all the members of this house without dissent; indeed, I would take my Bible oath on it, and I dare say the same thing happened in the House of Commons—or the other place, as we call it—as well. But there we are. The principle of *delegatus non potest delegare* is fundamental to our law. Thank goodness they have included a translation of that Latin phrase, because I am going to share it with you. The phrase means "a delegate cannot delegate." That is a fundamental principle of the parliamentary system as we know it today.

I do not ignore the fact that it is a principle that is not always honoured either in the legislative activities of this house or in those of other legislatures in this land, but it ought to be. I submit that the Standing Joint Committee on Regulations and other Statutory Instruments, which Senator Forsey has something to do with, made the case very well indeed when they presented to this house their findings on this matter of the delegation of rule-making powers. They dealt with the language of delegation, and with the historic development of the doctrine as it comes down to us from the revolutionary settlement of 1688. In paragraph 95 of the report to which I am referring, the committee expressed their views as follows:

> The Committee believes that the precise limits of the law-making power which Parliament intends to confer on a delegate should always be expressly defined in clear language by the statute which confers it: when discretion is conferred, its limits should be defined with equal clarity. No statute should enable a delegate to declare the true intent of Parliament or the scope and nature of the delegation of law-making power.

When you add that sentence to their prohibition against the proposition that a delegate should be enabled to delegate in his own right, you get some idea of why I feel that this is a highly questionable provision that we are being asked to approve. In this clause we have powers of delegation which, in my experience, are unexampled. I have never seen quite such a sweeping measure offered before.

In addition to that we have a power expressly set out in the bill which instructs the body referred to, if it wishes, to delegate its power to someone else. The bill does not say who that is. It can be anybody at all. I was going to say that it could be the City of Winnipeg, but they are such an enlightened and obviously sensible set of Canadian legislators that I would like to choose another city, though I suppose it would be dangerous to do so. Under this proposed statute, however, you could give this power to any municipality.

**Senator Grosart:** Or even the NHL.

**Senator Roblin:** Yes, even the NHL. That is a very sound observation. We could give the NHL the power to regulate under the provisions of this bill. I hasten to say that perhaps the suggestion of the NHL by my honourable friend is a rather romantic one. I would not accuse the government of attempting any such thing. I am simply saying that we are invited to confer these extraordinary powers, and I myself find them objectionable.

What is the role of Parliament in all of this? We have the responsibility of passing the bill, do we not? We have to deal with that, and that is what we are doing right now. The bill also provides that when it is passed Parliament has the right to concur or not to concur in an order establishing the mandatory program. Such mandatory programs—and this is something in the bill that I heartily approve of—lapse after 12 months, so that if it is decided to reinstate one, it has to be concurred in again by Parliament.

Let us be clear about this. Parliament does concur in the mandatory program. Unfortunately, however, there is no provision in the bill which says what they are concurring in. The actual content of the program, as I read the legislation, is not to be part of the order, so that will not be debated in the house. Perhaps when the minister is here tomorrow he can clarify that, but it seems to me that the bill ought to be

explicit, and to say that the actual content of the mandatory allocation program is what Parliament ought to be asked to approve, and ought to deal with. As the bill stands now I very much doubt that that is the case, since they may simply bring in a statement saying, "We need an allocation program," and that is the end of it; but the substance, the meaning, the force, the effect, is not, apparently, the concern of Parliament. I find that a strange way of discharging our responsibilities.

There is another provision in respect of these mandatory programs that is of some interest to parliamentarians, because it has a built-in guillotine. This is a refinement which, I must confess, I have not seen in any other bill either, though it may exist. We have a three-day guillotine built into this legislation. Certainly Parliament is going to have to make up its mind in the circumstances envisioned in this bill a little faster than is sometimes the case in dealing with other matters—and I can see the point of that in certain instances—but when we learn that matters like the rationing program take from three to six months to put into effect, and when we know the bureaucratic time lag that is involved in these other measures that are proposed, I think we could certainly allow Parliament a little more than three days in which to deal with this, and we should take this built-in guillotine out. We have a guillotine anyway. If we want to use it we can always bring it down. Why enshrine it in the legislation, for goodness' sake? That would be a mistake.

I also note that if there is a rationing order, Parliament does not get to approve that. The rationing order is laid before Parliament, mind you, but there is no procedure by which Parliament can have any say as to whether the rationing order is good or bad in the direct sense that would be the case if Parliament were asked to concur in it. Goodness knows that a rationing order is a pretty sensitive device. I would have thought that it would be as well for Parliament to be asked to concur in such a piece of legislation as well. If you tamper with environmental legislation, and allow somebody to discharge sulphur who ordinarily would not be allowed to do so, that is laid before Parliament; but unless I have misread the bill and am not quite accurate in my understanding of it, all that gets to Parliament is concurrence in the two cases I have mentioned, and laying before Parliament in the others.

It seems to me that when you give power to change all the laws in the various statutes that I have mentioned, when you give such sweeping powers of regulation, when you allow the National Energy Board to amend its own act, as it were, in order to do what it is told to do by this board, the least you can do is place these regulations, and in fact the whole thing, before Parliament. If Parliament is to be asked to approve of legislation that is so Draconian in its impact on the ordinary procedures of the legislature, I see no reason why we cannot fairly suggest that these various actions that may be taken by the board in their legislation-making capacity—because that is what it really is, since they are making the law—surely ought to go to Parliament at least for scrutiny, if nothing else, and I would like to see them go there for more than that.

[Senator Roblin.]

Nevertheless, the four cases I have mentioned seem to be all the protection that this legislation gives. These are the weak trammels that are provided against unfettered executive power, and that is what this bill is—unfettered executive power.

The only other recourse that might soften the blow has been mentioned by the honourable senator who introduced the bill, and I thank him for doing so. He referred to the appeal procedures that we find in the bill, and these are worth looking at. They are contained in clause 22, which indicates what the nature of this appeal procedure is.

I would like to draw special attention to this, because it is seriously defective as a device to protect the public from the abuse of arbitrary power. Clause 22 reads as follows:

> The Governor in Council may make regulations providing for the establishment and conduct of a tribunal for the hearing and determination of complaints of deprivation of property occasioned by any regulation under this Act, prescribing the time within which complaints may be made and the procedure to be followed thereon, and respecting the determination and payment of compensation for such deprivation of property.

There are a couple of points to be noted. First, this is entirely optional. I would expect that the government would say to me "Well, we intend to do it, for sure. We are going to have this appeal board." If so, I would suggest that they put "shall" into the law. That, I think, is a much sounder basis on which to operate. It should not be left to the discretion of the executive as to whether to allow anyone to appeal on monetary matters against what goes on under this act; it should be established as a provision in the act. It also provides that the Governor in Council shall make all the rules. Well, I suppose somebody has to, so I shall pass over that one rather lightly.

● (1540)

Then it comes down to what you can appeal about, and what you can appeal about is whether or not you have been deprived of property by any regulation under this act. There is not a word in this permissive clause, which I think should be mandatory, as to whether it should be just and fair compensation. And is there a man or woman here who has appeared at any time before these boards or who has watched them in action—I have never appeared before them because I am not a lawyer but I have certainly watched them in action—who does not feel that some statement should be required about just and fair compensation? Because otherwise there is really no standard to go on except the whim of those who seem to be presiding over the board.

But it is worse than that, to my mind. What is so sacred about property that it gets an appeal in this way, defective as it is? What is so sacred about that? There is not a single statutory word about any other matter such as right or equity or justice under this act. And when you consider the wide sweep of the powers that are established here, surely we should state that those are considerations that ought to be included in any right of appeal under the tribunal that may be set up. I

suggest that we ought to ask the minister if he can accommodate us in making sure that this clause is expanded in a way that seems to do right and justice and equity to a greater extent than the present arrangements do here.

I would go a step further, honourable senators. I do not think it is sufficient to have an appeal to this bureaucratic ministerial board at all. I have found on many occasions that these boards—while I do not impugn their motives or their integrity or their intentions I sometimes impugn their actions which lead to a gross miscarriage of justice—meet out unfair treatment to the ordinary citizen, or perhaps the multinational corporation, since it could be both that come before tribunals of this kind. I would very much recommend that the minister consider allowing an appeal from this tribunal to some court or other body of the same like or nature so as to see that justice is not only done but is fully perceived to be done by those who are affected by the legislation before us.

Honourable senators, I have spoken far too long, and I thank you for your attention. I have touched only on the highlights of this law. A clause-by-clause or detailed study of the bill will disclose other areas where the policy is dubious and the equity is questionable. But I believe I have said enough to make the point that the bill in its present form is not good law; it is not immediately essential to the national interest at this juncture of energy management; and it is worded in such an extreme way that it goes far beyond the form that is necessary to meet the evident need in a manner which respects the role of Parliament, in a manner that provides for some appeal from arbitrary government, in a manner that meets the test of reason, equity and necessity—and I do not underestimate the word "necessity".

I say to my honourable colleagues, however, that we in the Senate should not be satisfied with this emergency stop-gap measure alone, even if it is amended to suit the merits of the case. I think it should be accompanied, if not now then certainly in the near future, by a well considered and coherent plan through which we may work for a co-ordinated policy with the provinces and others to secure that degree of national self-sufficiency in the supply of energy resources that our national heritage makes obviously and necessarily possible. Then we can do our duty, and all sections of Canada can be protected and the interests of the nation can be preserved. I shall appeal to those in authority to make this a good bill, a bill that meets the need and does not extend to the executive branch of government powers which are excessive and uncalled for in the case.

**Hon. Orville H. Phillips:** Honourable senators, I regret that the sponsor of the bill has found it necessary to leave the chamber for a few moments—

**Senator Langlois:** He is only out for a minute or two to accept a telephone call.

**Senator Phillips:** I realize that. I have been around here longer than you have and I realize that at times you can be called out. I regret his departure at this time because somehow or other I had the idea from our friendship over the years that perhaps Senator McDonald was not a member of the NDP. I think from our conversations, as I recall them, he was far more opposed in his descriptions of the NDP than I could ever be. Much to my surprise I find him sponsoring this bill which is essentialy NDP-authored.

I am sure honourable senators will ask about the origin of this bill, and in fact some honourable senators opposite may attempt to apply a different terminology to its origin.

Honourable senators, let us go back a little; let us go back to last fall. Last fall, I admit, I was in hospital, and I had time to watch the House of Commons proceedings on television, and I had far more time to watch news broadcasts than I normally have. It was no secret that an oil crisis was in the offing. CBC, CTV and Global all referred to the oil situation. But it was not until Mr. Stanfield, a former Leader of the Opposition, raised a question in the House of Commons that it became a public issue. Up until then the Grit strategy committee, which includes quite a number of absent senators, was looking around for something which the government could suddenly decide to make an issue. This Grit organization was suddenly resurrected—and it didn't matter whether it was in Jerusalem or Ottawa, but it was resurrected—and in addition it gave the Grits the opportunity to continue with their policy of dividing Canada.

• (1550)

For years the Grits were elected by dividing Quebec against English-speaking Canada. That has become outmoded. Now they have a different opportunity, according to their strategists; they can now play Alberta against the rest of Canada and hope to get elected that way. Let me say to honourable senators, "If you have to get elected on division, you do not deserve to be elected."

**Senator Flynn:** They don't agree. They would rather be elected without deserving it.

**Senator Phillips:** It does not matter so long as they are elected. Whether it is "Petro" or "Perrault", it is the same thing.

Honourable senators, I am going to ask you to go back with me for a moment and consider what Liberal strategists have decided has become an oil or energy crisis. In our democratic Canadian parliamentary system certain people are responsible for various ministries. When I review this, I am referring only to ministers of Quebec and the Atlantic provinces, with one exception, and that is the Minister of Energy.

The first person one normally thinks of as being responsible in Canada—I doubt whether he is responsible—is the Prime Minister. The Prime Minister did not seem to be aware of any oil problem. After all, Mr. Goldfarb, the public relations individual who has been prompting him for months, did not furnish him with any results of public opinion polls, so you cannot expect the Prime Minister to be interested unless he has had information resulting from a public opinion poll.

I am not so sure, honourable senators, that the Prime Minister learned anything about the problem later on. When he made his pilgrimage to the United States—one that he

sought and begged for: "Jimmy, if you can't see me in New York, let me at least see you in Washington"—he talked to the President about selling Canadian oil and gas to the United States. Not once did the Prime Minister mention to the President of the United States that multinational corporations were diverting oil from Quebec and Atlantic Canada.

**Senator Perrault:** Were you at the meeting? How do you know?

**Senator Phillips:** Neither one of us was there.

**Senator Perrault:** I think I know more than you know.

**Senator Smith (Colchester):** I am not sure if the Prime Minister mentioned it.

**Senator Phillips:** I saw the Prime Minister.

**Senator Perrault:** On television?

**Senator Phillips:** Yes, when he made a brief announcement concerning the western pipeline. He was almost into his car when he remembered: "Ye gods, I should have spoken in French," and he dashed back. Were you there when he did that?

**Senator Perrault:** That is not relevant to the debate.

**Senator Phillips:** Pardon?

**Senator Perrault:** That is not relevant to the subject matter under discussion.

**Senator Smith (Colchester):** It is relevant to the silly question.

**Senator Phillips:** It is relevant to your stupid question.

**Senator Perrault:** That is unparliamentary.

**Senator Langlois:** Don't show your lack of education.

**Senator Phillips:** If you are referring to my lack of education, mine is far superior to yours.

**Senator Langlois:** If you say so, there is no doubt about it. It is almost a compliment that you pay me.

**Senator Phillips:** Let us consider the people responsible for our oil imports. I am not asking you to consider the situation across Canada; I am asking you in particular, Senator Petten, to follow along with me while I go through the Atlantic provinces and Quebec.

As I said, the first person we would think of as being interested would be the Prime Minister. There were no Gallup polls. CTV did not give him advance information, so I suppose, Senator Petten, it is rather unfair for me to expect him to be interested in the oil situation in the Atlantic provinces.

**Senator Petten:** I resent that.

**Senator Phillips:** I don't care if you resent it or not; it really doesn't matter.

**Senator Petten:** Don't tell people what I am thinking, or put words in my mouth.

**Senator Phillips:** I did not try to put any words in your mouth. I would tell you, Senator Petten, as a dentist, if I did, and I would charge you for it.



**Senator Petten:** I have another dentist.

**Senator Phillips:** The Prime Minister did not know anything about this because there was no Gallup poll, and I am not sure that he has learned anything about this matter since. He went to Washington after a lot of negotiation, but he did get to see President Carter and went through the usual photography sessions. Senator Davey told him that was necessary. Then he talked about a western pipeline to send Canadian fuel to the United States, but not once did the Prime Minister discuss the Atlantic situation.

● (1600)

**Senator Perrault:** No?

**Senator Phillips:** Not once did the Prime Minister talk about Exxon—Imperial—with President Carter.

**Senator Perrault:** Garbage!

**Senator Phillips:** Garbage? That is exactly the way I would describe it, Senator Perrault. Garbage! It was nothing but a photography session and garbage!

The next person in the House of Commons who comes in the order of priority is the Deputy Prime Minister.

**Senator Perrault:** Hear, hear.

**Senator Phillips:** I have great regard for him, Senator Perrault. I felt very sorry for the honourable member when Mr. Stanfield asked him, "Who is assuming the responsibility for the diversion of the oil shipments designated for the Atlantic provinces?" It is not unusual for the cabinet to appear dumbfounded, but never, never, honourable senators, had they been as dumbfounded as they were on the day Mr. Stanfield asked that question. There was no answer; no responsibility was assumed, but the Deputy Prime Minister stated publicly afterwards that he was resentful of the fact that the Minister of Energy, Mines and Resources knew about the situation three weeks to a month before it even occurred to him that the Deputy Prime Minister would be interested.

Then let us go on, Senator Petten, to the man in the cabinet who represents your province. In case you have forgotten, he is the Secretary of State for External Affairs.

**Senator Petten:** And a good minister.

**Senator Phillips:** Surely, honourable senators, if there is anyone who should have been informed of the international oil situation it should have been Mr. Jamieson, but then, I suppose, he has visited so many exotic countries that Newfoundland has become rather mundane to him.

**Senator Flynn:** Has become?

**Senator Phillips:** You know, why think of Newfoundland, when you can think of Tahiti?

**Senator Petten:** And Prince Edward Island?

**Senator Phillips:** Yes, I agree with you completely on that. But the minister had a different problem to concern him. The people in the Department of External Affairs in the Lester B. Pearson Building are putting in a $300,000 kitchen, and, you know, honourable senators, any good housewife will tell you

that you cannot supervise a $300,000 kitchen and at the same time put in time on the oil situation.

The Minister of Veterans Affairs, who comes from my province, proved that he could be just as dumbfounded as the rest of the cabinet. He didn't ask any questions either.

Let us proceed to the remaining Atlantic province. We have the Honourable Roméo LeBlanc representing New Brunswick in the cabinet.

**Senator Perrault:** You are being very political right now.

**Senator Phillips:** Very political, yes.

**Senator Flynn:** Just wait until we get to the other side, to Vancouver!

**Senator Phillips:** His job was to reorganize the government. He was so busy doing that that he forgot to pay attention to the fact, or someone forgot to tell him, that fishermen need fuel in order to run the motors on their boats.

You know, Senator Perrault—and I say this to you with the greatest respect, knowing how this government is always contracting out various tasks and collecting back 10 or 15 per cent of the fee for the Liberal Party—you really missed an opportunity. You could have had a study done there and got another 15 or 20 per cent contribution to your funds.

Let's move on to Quebec—

**Senator Perrault:** Honourable senators, that kind of allegation is really quite improper. It is certainly unparliamentary.

**Senator Phillips:** Pardon me, senator, but—

**Senator Perrault:** If the honourable senator wishes to go to the front steps—

**Senator Phillips:** I have the floor, Senator Perrault.

**Senator Perrault:** I rise on a point of order.

**Senator Roblin:** It is not a point of order. It is a question of privilege.

**Senator Perrault:** On a point of privilege, then. If you wish, Senator Phillips, to make those kinds of charges against any member of the Senate or of this party, then go to the front steps of the Senate and make them publicly and lay yourself open to the full action of the law.

**Senator Grosart:** That is not a point of order!

**Senator Phillips:** Oh, go away! If you had had to do that, you would have been back with your inmates in British Columbia.

Then we come to the province of Quebec, honourable senators. Sometimes in the debate we forget that Quebec is associated with the Atlantic provinces. It is. It is closely associated with them in a good many ways. But let us return to the cabinet representation. I have already dealt with the Prime Minister. We have the Minister of Finance. I suppose when you bring in a budget every three months you haven't time to look at the oil situation and you haven't time to realize, Senator Perrault, that oil costs affect the economy.

Then, in addition, you have the Minister of Justice, who is responsible for Bill C-42. I could go on and elaborate, but I will be brief. I will just say that on Parliament Hill this group is known as "the awkward squad."

The Minister of Energy, Mines and Resources, who is really responsible, took off on a "freebie." The taxpayers paid his expenses. He took off for Venezuela and Mexico. After a couple of weeks down there during the Christmas break, he returned suntanned and very optimistic, saying that both Venezuela and Mexico were going to continue to sell us the same amount of oil.

• (1610)

In the meantime, honourable senators, officials of the National Energy Board and the Minister of Energy, Mines and Resources were saying, "We have arranged swap agreements. We will export more oil to the midwest United States, and, in turn, the United States will divert more oil to eastern Canada."

Again I emphasize that not one Grit knew anything about it until the Honourable Robert Stanfield raised the question. Not one Grit assumed responsibility. Then, honourable senators, Imperial notified them of the changes, the swaps, and it was accepted by the government with full knowledge and consent.

Golden Eagle, basically a Quebec firm, received permits from the National Energy Board to export over one million gallons of fuel. Their dealers had to take the Golden Eagle Corporation to court to have their contracts honoured. Not a word from the government; not a word from the dumbfounded cabinet.

Those projects were approved by the National Energy Board. I could elaborate on that. However, I have looked at the clock and at my notes, and I see that I shall have to do some condensing. I am sure that Senator Perrault would agree with that.

The bureaucrats in the National Energy Board and the Department of Energy, Mines and Resources received pay increases of from $6,000 to $7,000 per year. When we give someone a pay increase of $7,000 a year, we must have some satisfaction in what that person is doing.

Throughout the debate on Bill C-42, the Minister of Energy, Mines and Resources did not really want to touch on the authoritative measures in the bill, but, rather, boasted about the necessity of keeping Petro-Canada.

If I may, I shall spend the next few minutes dealing with Petro-Canada. One would have thought that the Minister of Energy, Mines and Resources, having listened to the debate in the House of Commons and in committee concerning Atomic Energy of Canada Limited, would have learned something; that he would have learned to keep clear of this type of situation. But perhaps he can repeat the words in a song that comes, I believe, from *Oklahoma*, "I saw what I liked and I liked what I saw", and I see the Minister of Energy, Mines and Resources pushing Petro-Canada into the same mistakes which Atomic Energy of Canada Limited made.

Honourable senators, I will conclude on the subject of Petro-Canada by drawing your attention to this pamphlet. I am sure that Senator Perrault is familiar with it because he tabled it. It is entitled *An Energy Future for Canadians*. Not once in that pamphlet is Petro-Canada mentioned. If it was important in November 1978, why is the situation not the same today?

Honourable senators, as a maritimer, I have certain reservations about trusting my oil future to Petro-Canada. I do not need to tell you that Petro-Canada has never drilled a well, has never found a drop of oil, has never even sniffed gas. I shall not go into that—I shall skip that—but let us look at the situation.

Last fall, when the international oil situation was developing as a result of events in Iran, Petro-Canada was busy bouncing around like a golf ball out of bounds attempting to buy an oil company; and it finally found one in western Canada. But, honourable senators, it was looking the wrong way. The shortage is in eastern Canada. It was not until two weeks ago that Petro-Canada looked to the east and then bought a very minor share in various leaseholds. Sending Petro-Canada to deal with various oil nations, as far as I am concerned, honourable senators, is like making Tommy Douglas president of Exxon. While I have great respect for Tommy Douglas' knowledge of the oil industry, I do not think the oil industry has the same respect.

● (1620)

The Minister of Energy, Mines and Resources presented the argument in the other place that we had to have an organization in Canada that would deal with a comparable organization in other governments. Honourable senators, I need not remind you that my good friend, the Minister of Industry, Trade and Commerce, who incidentally crossed the floor, and took a "freebie" to the Far East, spoke to China about their oil exports and their offshore development. If we are to follow the arguments of the Minister of Energy, Mines and Resources throughout, we shall have to have a communist agency in Canada so that we can deal with China. I notice that Senator Lamontagne is smiling. Even he agrees that it is absurd.

Iran has now become an Islamic republic. Let us thank God the Minister of Energy, Mines and Resources did not go to Iran because he would have come back and told us we would have to become an Islamic republic in order to deal with them.

I do not accept the idea that Petro-Canada is essential to deal with other countries. The United States imports far more crude oil and far more natural gas than we do, yet I do not see a Petro-United States. I should like to take up with the sponsor of the bill the question of how Petro-Canada will proceed in the future. I should like to ask him whether it will operate through the Canadian embassy, with trade commissions which are used to dealing with government agencies, or whether Petro-Canada will establish its own offices in places such as Acapulco. I am betting on Acapulco because it ties in more with government restraint.

Honourable senators, when I look at my notes and then look at the time and see how much of it I have consumed, I must arrive at some kind of compromise. I am not so sure that the honourable senators opposite do not deserve to hear me from now until six o'clock, but as a friend I should not inflict that on them.

When we speak of oil imports—and the Prime Minister did so yesterday—we must remember that there are certain difficulties. Every major oil exporting nation that supplies crude oil to the Western World is now undergoing communist infiltration. I am sure that Senator Austin, being a former deputy minister, will realize this and agree with me. We can no longer depend on our foreign sources for oil. Venezuela has reduced its amount of light crude by one-third during the past three years. Mexico has been unable to reach its objectives. In addition, it does not have harbour facilities to handle tankers. We have to stop and consider this policy we have developed whereby areas east of the Ottawa Valley line depend upon imported crude, and determine whether it is now practical. I do not think it is. If we, as Canadians, depend upon Canadian sources of oil, we must have some means of transporting the western oil to eastern Canada.

Honourable senators, when the National Energy Board reported that we had surplus gas, the Minister of Energy, Mines and Resources appeared on television with a map in the background showing a pipeline going to Gaspé, then going south through New Brunswick, and then continuing on to the eastern seaboard of the United States. He thought this was wonderful. I cannot agree with that, because the maps did not even show a diversion to Nova Scotia. I predict that some day a pipeline will be built east of Montreal, but it will be built from Montreal to New York in a southeast direction. That is the most populous and the most profitable route.

● (1630)

Yesterday, the Prime Minister, in his first speech in the other place since October 12, spent some time on energy policy. Perhaps he is not doing any better than I am. He spent his time talking about Montreal to Portland, Maine, and you cannot reverse that. Somebody should have told him that the United States has already rejected a proposal that liquefied Algerian gas be taken into New Brunswick and transported in its liquefied state to the eastern seaboard. That was turned down by the United States because they did not need it.

We in the Atlantic provinces need both oil and natural gas, and in all sincerity I suggest that we dispose of Petro-Canada. I don't care how many oil companies in the west they have bought, or how many portions of leaseholds in eastern Canada they have bought. Dispose of it and construct a pipeline to the maritimes.

Bill C-42 provides for alternative energy. Nova Scotia has coal mines. They were urged to close down the coal mines. In the meantime, Nova Scotia—I am sure Senator Austin agrees with me—at the insistence of and on the advice of the federal government and the then Minister of Energy, the late Senator Greene, developed oil-burning electricity generating plants, and oil imported from the Middle East and Venezuela was going to be cheaper than coal. Bill C-42 gives authority to direct that these oil-burning plants be converted to coal. But

who is going to pay the cost? Will it be the experts in the National Energy Board? Will it be the experts in the department? Will it be the minister who dictated this? Certainly the province of Nova Scotia can't.

My notes mention Fundy tidal power. This project has been reviewed, studied and rejected so often that I have lost count. I just ask the Leader of the Government in the Senate: Has the government changed its mind, and are they now considering the Fundy tidal power project?

Bill C-42 provides for rationing. For rationing, Senator McDonald, there are extensive authorities granted in this bill, but the rationing does not apply all across Canada. I appeal to you particularly, Senator McDonald, because I know that you are far more familiar with farm operations that I am. We don't need to discuss the situation or consult computers or Mackenzie King's medium. We know where the rationing is going to take place. It is going to take place in Quebec and the Atlantic provinces.

**Senator McDonald:** Not necessarily so.

**Senator Phillips:** Tell me differently.

**Senator McDonald:** I will if you give me an opportunity.

**Senator Phillips:** I will give you an opportunity when I am through.

Does this mean that our fishermen on the east coast have to get along with less fuel than those on the Pacific coast? That is exactly the way it reads. Does it mean that our potato combines in Prince Edward Island and New Brunswick have to get along with less gasoline, while your prairie grain combines get along with their usual supplies?

Honourable senators, I am rather shocked at the length of time I have been. I will skip the cost and the guarantees until tomorrow morning.

● (1640)

The Province of Ontario appeared before the House of Commons committee and stated that certain aspects of this bill interfered with provincial jurisdiction. It is not my intention to suggest that we call the Province of Ontario to appear before our committee. After all, we have had recently introduced in the Senate the Bonnell-Frith formula which states that the Senate has nothing to learn from the provinces. But may I ask the massive majority opposite this: Will you not spend a few minutes to see if you have not seriously transgressed provincial authority?

I want to turn now to what I consider one of the most important aspects of this bill so far as the Senate is concerned, and that is the provision of clause 11 in relation to the period of time for which a motion under subclause 11(1) shall be debated. Whereas the House of Commons is allowed three days for such a debate, the Senate shall debate the motion for two days. We are receiving a direction from on high. We are having closure imposed upon us from outside this chamber.

Under subclause 11(10) an order for emergency supply is rescinded in the event that the House of Commons negatives the motion. However—and I would ask honourable senators, regardless of political affiliation, to consider this—there is no mention of what happens in the event that the Senate does not approve the motion. I would ask the Leader of the Government to tell us now what happens in the event that the Senate declines or negates the motion.

We have had too much of this type of legislation in the past. The government is saying, in effect, that regardless of how we vote on the matter after consideration, the measure will come into effect.

Clause 3 provides for the establishment of the Energy Supplies Allocation Board. Jean-Luc Pepin, formerly of Power Corporation, the Anti-Inflation Board and, more recently, the ludicrous National Unity Task Force, now finds himself unemployed for the third time in four years. I would like either the sponsor of the bill or, indeed, the Leader of the Government to advise us whether the order in council appointing Jean-Luc Pepin as Chairman of the Energy Supplies Allocation Board has been prepared.

**Hon. A. Hamilton McDonald:** Honourable senators, perhaps I might take this opportunity to answer the two questions that Senator Phillips asked during the course of his remarks. First, he wanted to know how Petro-Canada will proceed in the future. To my knowledge there are only two references to Petro-Canada in Bill C-42. The first reference deals with the fact that Petro-Canada will be a member of the Energy Supplies Allocation Board; the second reference is to the effect that Petro-Canada will be Canada's representative to the International Energy Agency. Whether Petro-Canada will work through our embassies or trade missions or have one commissioner in Acapulco, as suggested by the honourable senator, I do not know. If he requires further information in that regard, he shall have to seek it when we are in Committee of the Whole.

During the course of his remarks, Senator Phillips made the statement that he knew that rationing would be in the province of Quebec and Atlantic Canada, and he then went on to ask whether there would be less diesel fuel available for potato harvesters in New Brunswick or Prince Edward Island than would be available in Saskatchewan.

**Senator Phillips:** P.E.I. first, and then New Brunswick.

**Senator McDonald:** Well, it would apply to potato harvesters wherever they are used in Canada. In answer to the senator's question, I want to refer back to the remarks I made in introducing the bill earlier today. I quote:

> In the event of an emergency being declared by the Governor in Council, it will be the board's job to implement a mandatory allocation program to assure sufficient supplies of oil products and their equitable distribution.

The bill, under "critical uses," deals, for example, with health services, security and food production. The whole purpose of this bill is to prevent the situation that the honourable senator has referred to. The purpose of the bill is to allocate equally the energy resources available to Canada among Canadians from east to west or west to east. There will not be oversupplies in one area and insufficient supplies in others if

this bill becomes law. Without the bill, that could quite easily happen. But the whole purpose of this bill, or one of its main purposes, is to prevent the very thing the honourable senator is concerned about.

**Senator Phillips:** May I ask the sponsor of the bill why it specifies that there may be specific areas affected? If it is not going to apply all over, why is that clause in there?

**Senator McDonald:** Because there is a good deal of oil produced in western Canada and little or no oil produced in eastern Canada; eastern Canada is dependent, to a large extent, on importation of oil from outside Canada. So it is quite possible that you would have to bring in some controls over the use of western Canadian oil and its movement into eastern Canada if those supplies from outside were shut off to the areas of Canada to which you have referred; namely, Quebec and the maritimes. It is possible to have insufficient oil in one area and a surplus in others. This legislation gives the government the power to move that oil from wherever it is in a surplus position to areas where it is in a deficiency position.

● (1650)

**Senator Smith (Colchester):** I wonder if I could ask the honourable senator if he would mind directing us to the provision in the bill that does what I heard him say during his speech; namely, to make sure that there was a fair distribution of petroleum products to all parts of Canada.

**Senator McDonald:** I am sorry, honourable senator, I did not hear your question. Will you please repeat it?

**Senator Smith (Colchester):** I was just asking the honourable senator if he could direct our attention to that portion of the bill that provides for the requirement to the board that it carry out the fair allocation of petroleum products over the whole of the country, so that the situation envisaged by Senator Phillips could not exist.

**Senator McDonald:** Yes. If I can locate in the bill the duties of the board I will be able to answer the question. If you turn to page 6 you will see the headings "Part I", and "Mandatory Allocations of Supplies". If you follow that through on the continuing pages, 7 and 8, and to the top of page 9, you will see that that will give you the answer to your question.

**Senator Phillips:** Honourable senators, may I direct a question to the sponsor of the bill? Would he attempt to obtain an opinion from the law officers of the Crown concerning clause 11(10), which states that the House of Commons may negative—and I think that should be "negate"—the motion that such an order be concurred in, whereupon the order is revoked? The honourable senator will note that there is no mention of the Senate's participating in this. Before the minister appears before the committee tomorrow, would the sponsor of the bill kindly attempt to obtain the opinion of the law officers of the Crown on this matter?

**Senator McDonald:** Well, it seems to me that if the House of Commons were to take the action referred to in clause 11(10), the subject matter would never come before this house.

[Senator McDonald.]

**Senator Flynn:** But let us say it is affirmed, and negatived by the Senate. What happens then?

**Senator Phillips:** That is exactly my point. If the House of Commons passes it, and the Senate negates it, then what? That is the question that I want answered by the law officers of the Crown.

**Senator McDonald:** That is a good question. I will attempt to get the answer.

**Senator Smith (Colchester):** I wonder if the honourable senator would let me ask another question arising out of the answer to the one I asked a moment ago. He referred to clause 12 of the bill, and as I understood his answer he was indicating that in his opinion that clause required such an allocation of petroleum products throughout the whole of the country that the situation envisaged, or mentioned, by Senator Phillips, could not arise; but with the greatest of respect I would like to ask him if he would consider the matter further, in the light of what I am about to say, and state whether or not he still is of the same opinion.

Clause 12, to which he referred—

**Senator McDonald:** Pardon me. I referred to clause 11, at the bottom of page 6.

**Senator Forsey:** It should have been clause 12.

**Senator McDonald:** I am referring to Part I, and the mandatory allocation of supplies.

**Senator Forsey:** It should have been clause 12.

**Senator McDonald:** I referred to the mandatory allocation of supplies on page 6, at clause 11(1).

**Senator Smith (Colchester):** I read all of that, and then I went to clause 12, which I think was also mentioned by the sponsor. Clause 12(1) requires the board to:

> . . . immediately prepare a mandatory allocation program in respect of petroleum to assure sufficient supplies of that product in the various parts of Canada by providing for a national and equitable distribution of petroleum products from the suppliers to the wholesale customers thereof.

If one stopped there, one would agree with the view expressed, I think, by the sponsor of the bill; but when one reads a little further into clause 12, the other question arises. For instance, remember that clause 12(1) only requires the board to prepare a program. Then subclause (2) states:

> (2) A mandatory allocation program shall
>
> (a) designate the regions in which the program is to operate if it is not to extend to the whole of Canada;
>
> (b) specify the petroleum products, the supplies of which are to be controlled under the program;
>
> (c) set out the priorities of use of the controlled product; and
>
> (d) provide for a systematic allocation of supplies of the controlled product.

One then goes on to subclause (4)(a), dealing with the powers of the Governor in Council to amend a mandatory allocation program:

> (a) by providing that its operation be extended to other regions or all regions of Canada, or that its operation be reduced by excluding regions from the operation of the program;

That seems to me to call seriously into question what would appear from a first reading of clause 12(1).

**Senator McDonald:** I can understand the honourable senator's concern, but in reading back to clause 11, and then through to the subclauses under clause 12 to which you have referred, I was convinced that this would provide adequate authority for the allocation of petroleum or energy products, or their rationing, if need be, to serve all the needs of Canada. We may find ourselves, again, on the basis of my deduction from this legislation, in a position where all areas of Canada may not be affected at one time. It may be necessary to implement parts of these programs in one region in Canada, before having them apply to the whole country. That is a position in which we may find ourselves, not knowing whether an international oil crisis would affect the whole of the nation or only the maritime provinces and Quebec, for argument's sake. In that case this legislation could apply only to that region, in an endeavour to solve their problems. But who knows? In weeks or months thereafter the legislation may apply to the whole nation. However, I was satisfied with this legislation when I read it, and if the honourable senator is not satisfied with it I would ask that he question the minister when he is before the committee, because my knowledge of the bill only extends to my interpretation of its principles.

**Senator Smith (Colchester):** I thank the honourable senator. Of course, my knowledge of the bill extends no further than his, but such knowledge as I have gained from reading it does certainly raise this doubt in my mind, because there is no other reason that I know of for the bill to talk about designating regions in which the program is to operate, or giving the Governor in Council authority to exclude regions from the operation of the bill, unless it is intended that someone—the Governor in Council or the board—shall have power to say that this will apply to the Atlantic region and shall not apply to the rest of Canada, and so on. So it seems to me that the power exists to say that there shall be rationing in Atlantic Canada, or some portion of it, and there shall be no rationing in Alberta.

● (1700)

**Senator McDonald:** I think you are carrying it a little too far when you go to rationing. You are referring to petroleum allocation, and in clause 12(4)(a) it says:

> (a) by providing that its operation be extended to other regions or all regions of Canada, or that its operation be reduced by excluding regions from the operation of the program;

I think that all this is attempting to do is to apply the legislation only in those areas where a situation demands it. That may be the whole nation or it may be just parts of Canada, because neither our supply nor our storage in Canada is equally distributed across the nation. For instance, it is my understanding that a lot of oil that goes to the Atlantic provinces is refined in Montreal. Now if something were to happen to those refineries in Montreal, you would have a problem on your hands in Quebec and eastern Canada that might not apply to some parts of western Canada. And I think what the legislation attempts to do is to give enough leeway to deal with a situation of that kind which could be caused because of internal forces as well as external forces. Who knows, if there is a fire or—

**Senator Flynn:** You could have a national emergency.

**Senator McDonald:** Well, I suppose if Quebec and eastern Canada were out of energy supplies, it could be considered a national emergency.

**Senator Phillips:** Did I understand Senator McDonald to say that most of the oil consumed in the maritimes was refined in Montreal? Because, if he did, I would have to correct him. We have Point Tupper, Dartmouth, Halifax, and St. John's, Newfoundland.

**Senator McDonald:** That is not what I said. I said a lot of the oil for eastern Canada is refined in Montreal, as, in the west, a lot of the oil refined for western Canada is refined in Edmonton, and if the Edmonton plant were knocked out, then all of western Canada would be affected. The emergency would not be confined just to Edmonton or to Alberta.

**Senator Smith (Colchester):** I suppose I should try and make a speech on the subject rather than persist in questioning, but perhaps honourable senators would prefer me to limit myself to questions.

Does that not then bring us to the point where we have to acknowledge that for whatever reason there may be allocation in one part of the country and no allocation in another? This means to me almost inevitably that the part of the country in which the allocation is done is going to have less access to whatever the petroleum product is than the other parts of the country. Therefore the ability to use energy or petroleum products freely may be substantially restricted in the Atlantic provinces, for instance, when there are no restrictions at all in other parts of the country.

**Senator McDonald:** No, I would not envisage that as being the situation. Let us come back for a moment to the centres in Canada that are the main refining centres. They are located in relatively few places, when you look at the total refining capacity of the nation. This legislation not only makes provision for happening outside our own borders, but it also makes provision for catastrophes within Canada, in the energy field, that would make it necessary to allocate fuels or energy supplies, because of some internal problems in Canada. Leaving Montreal aside, I can refer to the refineries in Edmonton, Alberta. If for some unknown reason the capacity of those refineries was removed from western Canada, then you would need oil allocation, because those refineries in Edmonton supply a very large area of western Canada. I envisage the

legislation as being able to take care of that problem whether it is in Montreal, the maritimes or western Canada in the event that you had to have allocation, because some of those large refineries were not available for whatever reason.

**Senator Olson:** I really think that what we are getting involved in here ought to be dealt with more properly in committee.

**Senator Grosart:** Senator Smith (Colchester) has the floor.

**Senator Smith (Colchester):** I was under the impression I had it for some time.

**Senator Olson:** Well then, let him make a speech.

**The Hon. the Speaker:** I should point out that Senator Olson has risen at least two or three times.

**Senator Smith (Colchester):** Well, honourable senators, I have asked questions several times, and all I got on my feet to do was to say that I did not wish to pursue the matter any further, but I did not wish that to be understood to mean that I was accepting or agreeing with the explanation given by the honourable senator.

**Senator McDonald:** I would much prefer, honourable senators, if we could leave these details to our committee study. The minister and his officials are far more capable than I am and have a better understanding of the petroleum industry or the energy industry than I do. My knowledge is limited to what is contained in this bill, and, of course, my interpretation of the bill. Of course, the bill is subject to your interpretation as well as mine, so I think it would be helpful if we were to leave it for study in committee.

**Senator Smith (Colchester):** I am prepared to do that, and that is what I rose the last time to say.

**Hon. H. A. Olson:** Honourable senators, I think it would be appropriate for me to say a few words on this bill, coming as I do from the region of Canada that supplies most of the petroleum energy for the country. One of the concerns that has been expressed by people involved in the industry there, as well as the provincial government, is this matter of the interpretation of the words, "What is a national emergency?" That is really what the whole bill, and the application of the whole bill hinges upon. It says in Part I on page 6 that there must first be a declaration of a national emergency, and then all of the other measures that the bill provides for follow on behind.

I suggest that while a great deal has been said about the so-called extreme measures involved in the bill, if a national emergency is declared only when there is a genuine national emergency in terms of shortage of supplies and that sort of thing, then I should think that Canadians generally would expect the board administering the allocation of supply, and even individual rationing if it should go that far, to administer it fairly uniformly across the country. If they are going to do that, then, of course, they have to have, I suggest, most of the powers contained in this bill, if and when it is necessary.

I am sure that every member of this chamber can find some agreement with the government in that. Because of the situation in the Middle East, particularly in Iran, if we go into a fairly long period when there is no Parliament in session, some authority is needed to deal with what might be an emergency.



● (1710)

**Senator Flynn:** How long can Parliament not be in session? Two months and a half.

**Senator Olson:** If there is dissolution of Parliament, it is usually five months before Parliament is recalled.

**Senator Flynn:** It can be recalled before.

**Senator Olson:** It cannot be recalled until after the writs are returned, which is three or four weeks after election day. From the time the writs are issued until an election can be held is about eight weeks or 59 days. It usually adds up to much more than the number of days my honourable friend is suggesting. In any event, it is a practice, I think, for Parliament not to be recalled until the government has had time to put its program together. I am not being partisan.

**Senator Flynn:** It would have to be recalled under this act.

**Senator Olson:** I realize that, but I am not being partisan.

**Senator Flynn:** But you are ignorant.

**Senator Olson:** Whether the same government is returned or a new government is elected, that government needs some time to put a program together so it can meet Parliament in an orderly and intelligent way. The Honourable Leader of the Opposition shakes his head, but I can recall at least one case where his party met Parliament before they were prepared, and it was a bit of a disaster not only for Canada but for his party.

**Senator Smith (Colchester):** You are not thinking of Walter Gordon, are you?

**Senator Olson:** If you want to look at the history of the dates of dissolution, you will see that Parliament is recalled, honourable members, including the Leader of the Opposition, usually after about five months—about two months before election date and about three months after election date. Therefore it may be that we need the federal government to have some power to deal with an emergency if we are going to be away from here for five months or so during 1979 which, I agree, is a distinct possibility. I am not referring to the emergency; I am referring to the possibility of Parliament not being in session for about five months.

I am concerned about what conditions would exist to declare a national emergency. It is spelled out to some extent under Part I on page 6. Clause 11(1) talks about shortages of petroleum or disturbances in the petroleum market. It goes on to say:

> . . . that affect or will affect the national security and welfare and the economic stability of Canada—

That broadens the interpretation quite a lot. I feel we have to be fair with all provinces and with all regions.

Certainly, the petroleum industry forms a very large and important part of the economies in the western provinces,

particularly Alberta. Therefore, if there were an interpretation that the national economy or the stability of the national economy was upset, or a possibility of it being upset, and that you could then use this bill to control prices and to have allocation based on those prices, among other things, I would hope the government would not consider that as part of the use of this bill.

Quite frankly I am not so concerned that some government may be tempted to do that at the outset. If it were going to use this bill, I am sure it would have to perceive an emergency related to shortage of petroleum, but I am a little bit concerned that they might extend the application of the authority within this bill, including the extension of price control for reasons other than a shortage. In other words, if the price went up, that might take care of the shortage.

This is not a matter that Albertans generally regard as never having happened before, because it has happened once or twice. That region of Canada was asked to make a very significant contribution to fighting inflation all over Canada by taking something less than the world market price over an extended period so that there could be equalization of price all over the country. Alberta agreed to do that. I am not saying she willingly agreed to it, but she did, and that has been followed through. I think there is, therefore, some justifiable apprehension that they would not expect the producing provinces to carry on with that very significant financial contribution if prices in the international market did increase to some extent.

It is not a matter of allocating this only to energy prices in the fight against inflation; there are other commodities produced in this country that are just as important as energy to the total economy, and I might say there are some that are in an equally buoyant marketing situation at the moment. For example, look at the shortages in the pulp and paper industry. Their prices have improved significantly, and I am happy to say those companies are doing better than they were only a few months ago. To suggest that only the petroleum industry shall bear the brunt of trying to keep inflation under control is a little bit unfair.

I want to raise the concern that there are a great number of people in Alberta who believe that there is a temptation to single out energy as the culprit in all of this inflationary pressure. It probably got started with the OPEC agreement several years ago.

That is really all I wanted to suggest, honourable senators. I do not object to the government having this bill so that they can declare a national emergency, if a national emergency exists, on the basis of real shortages and prices being forced up and shortages of supply to some parts of the country. I think the people of Alberta would feel betrayed if it were used, as it has been once or twice in the past, as the major weapon in the fight against inflation.

With those remarks, I would hope that the minister tomorrow will give some detailed explanations of some of the questions that have been raised here. By and large I am sure that the people of the region that I come from would support this kind of bill, but only in conditions where there was a real emergency.

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

**Hon. Eugene A. Forsey:** Honourable senators, at this stage I have not very many observations to make about this bill. I shall have, when it comes before the Committee of the Whole, some 20-odd questions that I shall want to put to the minister unless, of course, somebody else puts them first and they are dealt with satisfactorily. But there are certain features of the bill that I should like to say something about on second reading.

I, unfortunately, could not be here to hear the speech of the Honourable Senator McDonald and, similarly, unfortunately could not be here to hear much and perhaps most of the speech of the Honourable Senator Roblin. This is something of a handicap for a variety of reasons, among them that I may possibly say something that has already been said much better or raise some question that has already been thoroughly dealt with. I make my apologies to honourable senators for that possibility.

● (1720)

There are certain matters which I think I should raise, even at the risk of being somewhat repetitive. There are one or two points that have been made that I should like to underline and even perhaps briefly elaborate upon.

With almost every word of what the Honourable Senator Roblin said I found myself in hearty agreement. I think there are a great many features of this bill which are highly questionable, from the point of view of proper legislative practice, particularly.

The first specific point I want to mention is that I am glad to see that in clause 2(2) it states:

> In this Act, the expression "regulation under this Act" includes an order made by the Board pursuant to any regulations made under Part I or Part II by the Board, and a regulation under this Act and any order or direction of the Governor in Council or the Board under this Act shall be deemed to be a statutory instrument—

That is highly welcome to anyone who holds the position, as I do, of co-chairman of the Committee on Regulations and other Statutory Instruments. This is good. I welcome it. But it seems to make clearer, on the other hand, that some delegated instruments—of which, as the Honourable Senator Roblin pointed out, there may be an enormous multitude—would not be statutory instruments and would therefore not come before the Statutory Instruments Committee. Or putting it another way, the fact that the regulations made under Part I or Part II by the board and any order or direction of the Governor in Council of the board are to be deemed statutory instruments, seems to me to put all the other instruments and documents which may come up in the operation of this act in limbo. They may never come before the Statutory Instruments Committee at all.

There are a number of specific questions I should like to ask about that, but I shall leave that until tomorrow.

The second point I want to draw attention to at this stage is one that has already been emphasized, certainly by Senator Phillips and I think also by Senator Roblin, if my memory serves. Under clause 11, subclause (10), the Senate plays no part whatsoever. This seems to me highly objectionable. I should add to that that under clause 19 there is no provision at all for any kind of parliamentary control.

**Senator Flynn:** That is right.

**Senator Forsey:** It specifies merely in subclause (2) of clause 19 that:

> An order made under subsection (1) shall be laid before Parliament forthwith upon the making thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

Well, when I saw that, I was inclined to think, of course, that the next subclause would say something like what we have in clause 11, subclause (10), or better. But, no, there it stops. So far as I can see there is no provision for such orders to be subject to parliamentary approval whatsoever. That seems to me to be a serious gap in this legislation.

Then clause 21 seems to raise a question of principle. I should like to ask honourable senators learned in the law to consider seriously how far this Parliament can go in interfering in the field of contracts. I am not prepared to offer a lay opinion on that, but I should very much like to hear the opinions of honourable senators who are qualified professionally, as I am not. I should like also to know what exactly would make a contract fundamentally different from what the express terms of the contract would indicate. That seems to me a question that is of some considerable importance.

Clause 22. I endorse heartily all that Senator Roblin said on the subject of this clause. I think that he was perhaps even a little generous, a little gentle, a little easy in what he said. It seems to me that this clause is a very sweeping one and is a means of bypassing the courts. While I am not prepared to say that sometimes an administrative tribunal may not be superior to the courts for certain purposes, I am always inclined to regard with a good deal of suspicion anything that bypasses the courts or submits matters of this sort to an administrative tribunal rather than to the ordinary courts.

I should like to see some very strong reason presented why this question should not go before the ordinary courts. Possibly it would need some fairly elaborate statement, elaborate drafting, to put it satisfactorily before the courts, but the thing as it stands seems to leave an absolutely astounding breadth of discretion to the executive. That makes me decidedly uneasy.

I am trying to put my remarks in moderate terms. I could use much stronger terms, I think, in regard to that particular clause.

Now, and I think this is my final point, in clause 23, subclause (1)—and really some of the other subclauses as well are involved—there is a provision having to do with complying with any request in writing from the minister. I want to point out that there is no mention that I can discover in this act of who the minister is. I thought we might get it in the definition section, but we simply get "the Minister." It says:

> Where, in order to comply with any request in writing from the Minister to develop an implementation plan or arrangement in relation to this Act—

and so on

> —a person would be required to enter into any agreement, arrangement or course of action that might cause him to contravene the Combines Investigation Act, such person may apply to the Board for an order exempting him from that Act in respect of that particular agreement, arrangement or course of action.

I don't think the Honourable Senator Roblin mentioned the Combines Investigation Act in his list or catalogue of acts which might be overridden or deviated from, and I think it is an important point that is worth consideration.

Again it seems to confer, and this time on a single minister—not on the board or on the Governor in Council—a power without even specifying what minister it is. I suppose it would be the Minister of Energy, Mines and Resources, but subclause (2) refers to the Minister of Consumer and Corporate Affairs. The thing seems to be rather loosely drafted and to empower some minister, unknown, to override in certain circumstances the provisions of the Combines Investigation Act. This may be necessary, but I think we should have some explanation of it. It is an additional case to those mentioned by the Honourable Senator Roblin in which the executive, in effect, is given very wide powers to override, by subordinate legislation, acts of the Parliament of Canada.

I see Senator Grosart looking often at the clock, as he always does during my remarks. I can assure him that I have now come to the end of what I want to say on second reading. But I say that without in any way limiting my intention to raise a considerable number of specific points, in specific terms, when we get the minister here and can ask him detailed questions on the particular points that I have noted in the notes which I have made on this bill. I think that that is a quite sufficient intervention of mine at this stage.

● (1730)

**Senator Bell:** Honourable senators, I shall not speak for long. I am very much concerned that no one seems to have mentioned compensation. In clause 22 there is reference to payment of compensation for deprivation of property, but there appears to be no mention of third party injury in the bill. I cannot see that we are setting a very good precedent. Even in wartime if property is expropriated or if, somehow or other, a business can no longer operate or is wiped out, there is provision for compensation. Am I wrong in that? Is there provision in the bill for recompensing injured parties? I cannot see how we can approve in principle these sweeping powers

when there is no way of recompensing people or businesses that are injured.

**Senator McDonald:** Honourable senators, I am of the view that the questions which have been raised should be asked of the minister and his officials tomorrow. Believing that, I shall be moving, seconded by Senator Petten, that the bill be committed to a Committee of the Whole at the next sitting of the Senate.

**Senator Flynn:** After second reading.

**The Hon. the Speaker:** It is moved by the Honourable Senator McDonald, seconded by the Honourable Senator Petten, that this bill be now read a second time.

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

**Senator Flynn:** On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE OF THE WHOLE

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

**Senator McDonald:** Honourable senators, I move, seconded by Senator Petten, that the bill be committed to a Committee of the Whole at the next sitting.

Motion agreed to.

## BANK ACT
## QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-49, to amend the Bank Act and the Quebec Savings Banks Act.

Bill read first time.

SECOND READING

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

**Senator McIlraith:** Honourable senators, I move, seconded by Senator Langois, with leave of the Senate, that this bill be now read a second time.

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

**Hon. Senators:** Agreed.

**Hon. George J. McIlraith:** Honourable senators, the bill is rather short and very direct in its purpose.

**Senator Lamontagne:** A simple bill.

**Senator Flynn:** Not simple. You will regret those words.

**Senator McIlraith:** Under the present act extending the provisions of the Bank Act and the Quebec Savings Banks Act, if the House of Commons is sitting next Wednesday, the charters of the chartered banks and the Quebec savings banks will expire on April 1 of this year. If Parliament is not sitting, the charters are extended until 60 days after the new session of Parliament. In that circumstance, it is prudent not to go to the eleventh hour and the fifty-ninth minute before seeking to extend the charters.

This new bill is in exactly the same terms as the act extending the charters, except for the change in date. It may be useful if I read directly from the bill rather than try to paraphrase it, because that is a more precise and accurate way of doing it. Clause 1 of the bill says:

> Section 6 of the Bank Act is repealed and the following substituted therefor:
>
> "6. Subject to this Act,
>
> (*a*) if Parliament sits on at least twenty days during the month of March, 1980, the bank may carry on the business of banking until the first day of April, 1980, and no longer;

If Parliament were still sitting next Wednesday, the charters of the banks would expire on April 1.

> (*b*) if Parliament does not sit on at least twenty days during the month of March, 1980, the bank may carry on the business of banking until the sixtieth sitting day of Parliament next thereafter, and no longer."

**Senator Flynn:** Would you repeat the last part?

**Senator McIlraith:** Yes:

> (*b*) if Parliament does not sit on at least twenty days during the month of March, 1980, the bank may carry on the business of banking until the sixtieth sitting day of Parliament next thereafter, and no longer."

That is exactly the same clause that is now in the amending act, and, of course, the clauses affecting the Quebec savings banks are identical.

That is the whole point of the measure. I do not know if there is much purpose in my trying to elaborate. It is at least direct and specific.

**Senator Flynn:** Honourable senators, I will not delay the second reading of this bill. It is quite obvious that Parliament cannot dispose of the Bank Act before the end of this month—I think March 28 is the relevant date—and therefore we need an extension.

I have always found it difficult to understand the process of extending the Bank Act up to April 1, or for 60 days in a new session if Parliament does not sit 20 days in March, as in the present legislation. I do not know why we do not have a fixed date. It would be much simpler. If Parliament were to adjourn today until the end of the month, we could benefit from the extension of 60 days in a new session of Parliament. In any event, this is the accepted device, and it has passed the other place in this manner.

I merely wanted to put those comments on the record.

Motion agreed to and bill read second time.

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

**Senator McIlraith** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1740)

## SPORTS

### REQUEST THAT CITIES OF EDMONTON, QUEBEC AND WINNIPEG BE ADMITTED TO NHL—MOTION IN AMENDMENT ADOPTED

The Senate resumed from earlier this day the debate on the motion of the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Everett:

> That the Senate express the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

**Senator Flynn:** Honourable senators, I think we made too much of a fuss about this motion earlier this afternoon. There was a point when it would have carried without too much difficulty. Senator Asselin's motion might be more acceptable if we were to amend it by deleting all the words after the word "League"; that is:

> and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

If we delete those words we will convey the idea that we are only expressing the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League. That and no more. We would not be urging anyone to do anything. We would be simply expressing a wish that the clubs of these cities be admitted to the National Hockey League. If that is agreeable, I will move that the motion be amended by deleting all the words after the word "League".

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Everett:

> That the Senate express the wish that the cities of Edmonton, Winnipeg and Quebec be admitted to the National Hockey League and that the representatives of the Montreal Canadiens, Toronto Maple Leafs and Vancouver Canucks support the admission of those three Canadian cities.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that the motion be amended by deleting all the words after the word "League."

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

**Hon. Senators:** Agreed.

Motion, as amended, agreed to.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Senator Langlois:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, March 23, 1979, at 10 o'clock in the forenoon.

Motion agreed to.

The Senate adjourned until tomorrow at 10 a.m.

# THE SENATE

**Friday, March 23, 1979**

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

## DOCUMENTS TABLED

**Senator Perrault** tabled:

Report of the Canadian Transport Commission for the year ended December 31, 1978, pursuant to section 28(2) of the National Transportation Act, Chapter N-17, R.S.C., 1970.

Report on the operations of the Shipping Conferences Exemption Act for the year ended December 31, 1978, pursuant to section 12 of the said Act, Chapter 39 (1st Supplement), R.S.C., 1970.

Report on the Administration of the Members of Parliament Retiring Allowances Act for the fiscal year ended March 31, 1978, pursuant to section 35 of the said Act, Chapter 25, (1st Supplement), R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume III, Annual Statements of Life Insurance Companies and Fraternal Benefit Societies, for the year ended December 31, 1977, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

Report of the Postmaster General respecting Olympic coins for the period ending September 30, 1978, pursuant to sections 13(2) and 13(3) of the Olympic (1976) Act, Chapter 31, Statutes of Canada, 1973-74.

Report of the Central Mortgage and Housing Corporation, together with a statement of accounts certified by the Auditors, for the year ended December 31, 1978, pursuant to section 33 of the Central Mortgage and Housing Corporation Act, Chapter C-16, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

## OFFICIAL LANGUAGES

### CUT IN GRANTS FOR BILINGUAL EDUCATION IN PROVINCES—QUESTION

**Senator Roblin:** Honourable senators, I should like to ask the Leader of the Government a question respecting bilingualism. It has to do with the fact that the government decided recently to cut the grants to the provinces in the amount of $34 million that would provide funds for the promotion of bilingual education in the provinces.

My question is: Did the government have an opportunity to consult with the Commissioner of Official Languages before that policy was decided upon, and, if so, what was his advice?

**Senator Perrault:** The question will be taken as notice.

### BONUS TO BILINGUAL PUBLIC SERVANTS—QUESTION

**Senator Roblin:** Honourable senators, I have a supplementary question on the same point. I notice that the government has decided to restore the bonus to bilingual public servants in the amount of $35 million, which is just about the same amount as the reduction for the educational grant. I would ask the same question on that point: Did the government consult with the Official Languages Commissioner on that point, and, if so, what was his advice?

**Senator Perrault:** As the honourable senator is aware, advice received from officials is not divulged in this context. Disclosure of advice tendered to any government by its officials would be highly unusual. It may be, however, that during his time as premier of the great province of Manitoba this procedure was followed and encouraged.

**Senator Roblin:** Honourable senators, I always notice that when my honourable friend does not want to answer a question as directly as one would wish, or he does not like the question, he attacks the questioner. That is called *ad hominem,* which I believe is a Latin expression meaning that if you do not like the question you attack the man.

I am rather interested in this little tactic of his, because it reveals a certain attitude of mind toward these problems which is really not conducive to the conduct of public affairs.

**Senator Perrault:** Honourable senators, I raise the serious question whether or not, in the honourable senator's experience in public life, as a matter of course the advice received from officials has been divulged either in a question period or in some other form? I suggest the answer is no.

**Senator Flynn:** That is a question, not an answer.

**Senator Roblin:** Honourable senators, it depends entirely on the official of whom the question is asked. With respect to some officials, the answer might be yes; but with respect to the Official Languages Commissioner, whose function it is to deal with these questions of a bilingual nature, I think it would be reasonable to ascertain his view of the matter.

**Senator Perrault:** Honourable senators, may I also suggest to the honourable senator that he should feel free to contact the Official Languages Commissioner and put the question to him directly. Perhaps he will receive a speedier reply.

**Senator Roblin:** I am sure I will have a speedier reply if I do that.

• (1010)

**Senator Flynn:** If you won't tell us what the commissioner's opinion was, perhaps you could tell us what the government's reasons were for changing its mind?

**Senator Perrault:** There has been no change of mind with respect to the value of the use of a second language in this country, but the question will be taken as notice and it may be possible to bring additional information to the Senate, perhaps next week.

**Senator Flynn:** Perhaps!

## VETERANS AFFAIRS

SALE OF VICTORIA CROSS—QUESTION

**Senator Marshall:** Honourable senators, may I ask a question further to the one I asked yesterday with regard to the selling or auctioning of a Victoria Cross? I should state that a Military Medal and a Military Cross were also included in that sale, together with service decorations.

It has also been revealed that the Canadian War Museum is getting rid of unclaimed and unawarded medals, which are being sold and then falling into unscrupulous hands. Could the Leader of the Government get some information on this in addition to the information he is going to get from the Minister of Veterans Affairs on the question I asked yesterday? This situation is serious and is a blight on the value of the service decorations received by veterans who served their country.

**Senator Perrault:** Honourable senators, that information has not been drawn to my attention until this time. Certainly an inquiry will go forward.

## FOREIGN AFFAIRS

SIGNING OF ISRAELI-EGYPTIAN PEACE TREATY—QUESTION

**Senator Bosa:** Honourable senators, may I ask the Leader of the Government if he is aware of any plans by the Government of Canada to participate in the celebration of the signing of the historic peace agreement between Israel and Egypt on the north lawn of the White House on Monday, March 26, 1979?

**Senator Perrault:** Honourable senators, there are no plans of which I am aware for Canada to be a participant in the signing of a document which will bring peace between Egypt and Israel. However, I think Canadians can derive great satisfaction from the fact that during the long and difficult relationship between these two Middle East countries, Canada has played an extremely constructive role in many areas.

**Senator Grosart:** Including the Minister of Industry, Trade and Commerce.

[Senator Perrault.]

## HEALTH RESOURCES FUND ACT

IMPLEMENTATION OF REPORT OF THE STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE—QUESTION

**Senator Phillips:** Honourable senators, on several occasions in the past I have directed questions to the Leader of the Government concerning the recommendation of the Standing Senate Committee on Health, Welfare and Science on Bill C-2, to amend the Health Resources Fund Act. Is the Honourable Leader of the Government now able to assure the Senate that the government has accepted this resolution? If so, can he give us that assurance before dissolution of Parliament?

**Senator Perrault:** Honourable senator, I stated some time ago that the minister was giving consideration to the Senate's recommendations, striving always to attempt to improve health services to the Canadian people wherever they may live.

**Senator Flynn:** The assurance will come during the campaign.

**Senator Phillips:** Have we any hope of getting an affirmative answer before dissolution?

**Senator Perrault:** There is always hope, with this ministry.

**Senator Phillips:** Always hope, but no action.

**Senator Roblin:** Hope deferred maketh the heart sick.

**Senator Grosart:** It springs eternal, though.

## BANK ACT
## QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—THIRD READING

**Senator McIlraith** moved the third reading of Bill C-49, to amend the Bank Act and the Quebec Savings Banks Act.

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

**Senator Flynn:** Honourable senators, a few thoughts came to my mind with regard to this bill when it came in late yesterday. It is in the same form as the previous one, and technically there is no problem. But I am amused at the idea that if dissolution should take place this weekend, as has been suggested it might by the Leader of the Government and also by the sponsor of Bill C-42, yesterday, when we were dealing with the necessity to pass that bill, that if such an event were to take place, in principle the government would not need this bill. The banking legislation would be continued for 60 days after Parliament reconvened. The first session of Parliament would start, let us say, in September. I was toying with the idea that perhaps we could delay passage of third reading until Monday or Tuesday, if we are here. If we are not here, it is not important; it is not necessary. If we are here, we could wait until March 28, but I suppose that would bring jitters to the sponsor of the bill and to the government.

But then another idea came to me. Since it is very probable that we will have a new government in the next session, we should in fairness give that new government more time to bring in a better bill.

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

**Senator Goldenberg:** Does the Honourable Senator Flynn want to take a chance? Perhaps the new government will not like the banks and will refuse to extend their charters.

**Senator Flynn:** But, at least, they will have more time to consider that possibility.

Motion agreed to and bill read third time and passed.

## ENERGY SUPPLIES EMERGENCY BILL, 1979

### CONSIDERATION IN COMMITTEE OF THE WHOLE

Pursuant to an Order of the Day, the Senate was adjourned during pleasure and put into Committee of the Whole on Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, the Honourable Senator Neiman in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Alastair William Gillespie, P.C., Minister of Energy, Mines and Resources and Minister of State for Science and Technology, was escorted to a seat in the Senate Chamber.

• (1020)

**The Chairman:** Mr. Minister, we are pleased to have you with us this morning.

Honourable senators, the Senate is in Committee of the Whole on Bill C-42, intituled: "An Act to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada."

Shall discussion of the title of the bill be postponed?

**Senator Thompson:** Madam Chairman, I wish to ask the minister a question with respect to the words "periods of national emergency," in the title of the bill.

I notice that the IEA has a clear definition of what it considers an emergency, based on the fall to 7 per cent. I wonder if the minister has some trigger system that would indicate to the country what is a national emergency, similar to the IEA, or if he feels it is better to have the flexibility of not being restricted to a rigid definition whereby he has to make the very hard decision himself.

**Hon. Mr. Gillespie:** Madam Chairman, it is government's view that a degree of flexibility would be preferable as far as the domestic scene is concerned. Internationally, of course, we would be bound by our treaty obligations under the IEA, and 7 per cent is the trigger number. Honourable senators are aware that we are not far away from that number right now. The IEA member countries have agreed, even though it is not part of their treaty obligations, to accept demand restraint measures equivalent to 5 per cent, being the estimate right now of the shortfall caused by reduction of supply. So the 7 per cent is not all that far away.

As to other measures that might trigger the need to declare a national emergency for purposes of energy, I draw your attention to the fact that the judgment of the Governor in Council would be conditioned by not just one test but four tests. With your forebearance, I should like to draw them to your attention.

Section 11 states:

> (1) When the Governor in Council is of the opinion that a national emergency exists by reason of actual or anticipated shortages of petroleum or disturbances in the petroleum markets that affect or will affect the national security and welfare and the economic stability of Canada, and that it is necessary in the national interest to conserve the supplies of petroleum products within Canada, the Governor in Council may—

**Senator Roblin:** May I ask the minister a question regarding the definition of a national emergency? This definition was prominently featured in the last round of the federal-provincial meetings in connection with the Constitution. At that time the definition of natural resources and the powers of the two levels of government with respect to them was reviewed. It appeared from discussions that "national emergency" was an expression that was not well defined or understood. In other words, there was a dispute about the exact implications of those words.

I think we have much the same question before us now as to what is the rule that will enable the Government of Canada to step in. While I sympathize with the minister in the difficulty of defining this thing to take into account all possibilities, I am wondering how far his concept of the definition really goes.

A point was raised in the Senate yesterday by one of my honourable colleagues, Senator Olson, who was concerned that the expression "economic stability" in this definition should result in the Government of Canada invoking this bill for purposes not related to an oil crisis *per se* but related to something on the lines of price and wage controls. We would be pleased to have some expression of opinion from the minister on that.

The other question I should like to ask with regard to the same definition relates to the application. Is the minister saying to us that all these conditions have to be present *seriatim* before the government would consider that the situation calls for an implementation of this clause? It is quite important to know whether all these factors have to come down on the same side of the balance to enable the government to act according to its likes under this clause.

**Hon. Mr. Gillespie:** Honourable senators, on the first point as to whether this bill could be used, as I understood the question, for purposes of introducing wage and price controls, the answer is no.

Regarding the second question, whether each of the four conditions that I earlier indicated would have to be involved in the declaration of a national emergency, the answer is yes.

If it would help honourable senators to consider some of the conditions that could occur which might provoke the need for this bill, I suppose one obvious not external one would be a

major rupture in the interprovincial pipeline system. Honourable senators are aware that the interprovincial pipeline system does not go entirely through Canada. Indeed, there is an important section of that pipeline which goes through another country. There are a number of events which could occur with respect to that particular pipeline which might, in my view, trigger the need for this particular legislation.

**Senator Roblin:** I think the minister has given me a satisfactory answer. It will not be used as an economic tool but it will be used as a tool of oil policy, and also that these various conditions are *seriatim*; they are not either or. I think that improves my view of this particular clause.

However, the clause talks mainly of problems within Canada. I suppose it is not hard to say that a lack of oil supply outside Canada will reflect on the situation within Canada. Would the minister please explain to us what our obligations are under the International Energy Agency with respect to its effect on Canada's petroleum situation?

● (1030)

I know he has given us the 7 per cent trigger, and I understand that very well, but when discussing this matter in another place I inquired as to whether or not our domestic supplies might be called upon to make good shortfalls in the oil situation with respect to the agency under certain conditions. While agreeing in advance that it may be a little unlikely that the international situation would deteriorate to the extent that this would happen, I want to know whether we would have an obligation should that event arise.

**The Chairman:** Senator Roblin, I am wondering whether we are not getting beyond the first question, which was to postpone consideration of the title.

**Senator Roblin:** You are quite right, Madam Chairman. I will come back to that question later.

**Senator Smith (Colchester):** Madam Chairman, on the first question, I wonder whether the minister would be kind enough to indicate, with reference to the British North America Act, the precise heads under section 91 on which the constitutionality of this bill relies.

**Hon. Mr. Gillespie:** Madam Chairman, I am advised by my legal advisers that it is the "peace, order and good government" powers.

**Senator Thompson:** I wonder if I might ask a question for clarification, Madam Chairman. Senator Roblin has raised an important point, and while I realize it does not come under the title I am wondering what clause it will come under. I do not want it to go unanswered.

**Senator Roblin:** It will come under subclause 11(1).

**The Chairman:** Shall the title of the bill be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 1 carry?

**Senator Phillips:** Honourable senators—

[Mr. Gillespie.]

**The Chairman:** Is your question related to the short title, clause 1, Senator Phillips?

**Senator Flynn:** It is the practice, Madam Chairman, to deal with the generalities of a bill under clause 1.

**Senator Phillips:** I presume we have the right to discuss the principle of the bill as opposed to just going through it clause by clause.

**The Chairman:** Not the principle, as I understand it, Senator Phillips, but the generalities.

**Senator Phillips:** The generalities, then. I am rather disturbed, Madam Chairman, that you are a little over-anxious to avoid questions.

In reading the Prime Minister's speech made in the other place on March 21—the first speech he has made in the House of Commons since October—I note he kept mentioning that we had a shortage of oil in Canada and that this was our problem.

I should like to ask the minister to detail the shortages east of the Ottawa Valley line of gasoline, home heating fuel, and kerosene.

**Hon. Mr. Gillespie:** There was quite a serious shortage of kerosene and oil used for heating purposes this winter in the Quebec market. It is generally regarded as stove oil. There are a number of reasons for this. I do not know whether honourable senators want me to go into the reasons. One of the main reasons was the shutdown of refineries in Montreal. There were two major problems involving both the Imperial and the Shell refineries. Then, as honourable senators may recall, there was a fire at the Gulf refinery, a major refinery in Montreal, which resulted in a loss of 40,000 barrels a day.

So there was a period when I do not think it is any exaggeration to say that we were faced with a really critical shortage in the Quebec market so far as stove oils were concerned and, to a lesser extent, with regard to other heating oils. Fortunately, measures were taken by the industry and by the government which saw us through that difficult period. I was concerned that a panic could have developed and people would have rushed to fill up their tanks, with the result that real shortages could have occurred during a very cold period. As you will remember, this winter has been an extremely cold one; the temperature was below average, and that aggravated the situation.

The federal government used a number of different techniques to alleviate the situation. We had the Department of National Defence pick up stove oil from the Strategic Naval Reserve at Stephenville in Newfoundland. Two cargoes were brought in, each of 50,000 to 55,000 barrels. Other measures were taken to seek the agreement of the airlines that they would switch from kerosene-type fuels to gasoline-type fuels, the hope being that this would make available more kerosene at this critical juncture. I don't know how successful that was, but the airlines indicated they would do what they could to co-operate.

We see now another dimension of that, in that a kerosene shortage exists in the United States, and there is no question but that some airlines are taking advantage of the situation in Canada, which is now relatively better, and trying to protect themselves by picking up a greater supply than they normally would in this country. I have asked, by letter, all the oil companies to inform me of their practices and of their inventory positions, and I have sought their co-operation so that we can protect Canada and Canadian airlines in this present situation.

**Senator Phillips:** Honourable senators, as a maritimer I want to advise the minister that when I speak of eastern Canada I am thinking of regions farther east than Montreal. What shortages were there in the maritime refineries?

**Hon. Mr. Gillespie:** If you are referring, senator, to the cutbacks caused by the Iranian shutdown, there were a number of reductions. I cannot quantify them here because I do not have a list, but I do know that there were serious shortages caused by reallocation by their supplier companies, and in many cases by their own parents. We were able, through the National Energy Board, to pick up some of those shortages. We have been able to do that through swap arrangements, authorizing additional reserve shut-in capacity in western Canada to move from western Canada to the Chicago market. The swap, which is arranged by the private company, then sells that particular Canadian oil in the Chicago market and then picks up the oil that would have gone into the Chicago market through the United States pipeline and moves that into the maritimes.

Through these swap arrangements we have been able to ensure that no one in the maritimes has gone short. It is also fair to say, though, that it has involved some rundown of inventories in some of these refineries, and that is a matter of continuing concern.

• (1040)

**Senator Phillips:** Were any of the maritime refineries forced to curtail their operations because they had no crude oil to refine?

**Hon. Mr. Gillespie:** I think they have been able to maintain their normal operations, as I have indicated, through a process of running down their inventories. That is a matter of concern, the concern being how far and how long a refinery can continue to run down its inventories. So far they have been able to maintain their production, I have been informed.

**Senator Phillips:** Mr. Minister, may I ask you how many export permits were granted for refineries east of the Ottawa Valley line? I should like to know the number of gallons of fuel involved.

**Hon. Mr. Gillespie:** Senator Smith, I would be very pleased to give you that information—

**Senator Smith (Colchester):** That is Senator Phillips. I am Senator Smith.

**Senator Phillips:** I am sorry, Mr. Minister, but I am Senator Phillips. That is Senator Smith down there. He is better looking than I am.

**Hon. Mr. Gillespie:** I should be pleased to try to obtain that information for you, senator. I do not have it at my fingertips right now. I will get it and provide it to you.

**Senator Flynn:** Madam Chairman, I should like to address a question to the minister. With regard to the general purpose of the bill, I was interested in the comments made by the minister with respect to the fact that some purely internal problems could trigger the declaration of a national emergency. I refer to internal problems such as a fire in a refinery, the breakdown of a pipeline, and I suppose we could also add the sinking of tankers. I assume that also would be in the area of internal causes.

It seems to me that, when this bill was introduced, the publicity that surrounded it had to do only with external problems. If that is not the case, why was the legislation delayed so long? All these internal factors have existed within Canada for years and years. It seems to me that, had this been done some years ago and on a permanent basis, that would have provided for a better bill and a better study of the bill. At this time, of course, there appears to be some electoral urgency, but with respect to the internal factors it seems to me they have existed for years and years.

**Hon. Mr. Gillespie:** Senator Flynn, I believe you are quite right when you say there is some electoral urgency. I think it would be quite irresponsible—

**Senator Flynn:** I don't know if you give the same meaning as I do to "electoral urgency."

**Senator Phillips:** "Electoral expediency" is the term.

**Hon. Mr. Gillespie:** I think you would agree with me, Senator Flynn, that it would be irresponsible for Parliament not to deal with this legislation, when during a period of dissolution the government of the day would not have the powers to deal with an emergency, and an emergency which was in every probability created externally rather than internally.

I have recited how close we are to the trigger mechanism in our treaty obligations, and that is a very recent development, the fact that we are at 5 per cent of world consumption. The shortfall being equivalent to 5 per cent of world consumption is something of really recent origin, since the introduction of this bill about a month ago. In fact, I am not sure whether, when it was introduced a month ago, anyone at that time was saying it was 5 per cent. It was not until shortly after that that the IEA addressed itself to the problem and that we agreed to the IEA figures.

I think it is quite fair to say that the possibility of any kind of emergency being created internally is pretty darned remote. I just wouldn't want to create the impression that that is a matter of any probability. For that reason I think you would agree with me that it was therefore unnecessary. The need for it has been created by an external situation.

You might ask if the external situation has changed? Yes, I would say it has. If we go back a little bit, it was in 1973-74 that honourable senators considered a bill very similar to this—in all essential respects the same bill. That was dealing

with an external crisis at that time. You will recall as well that at that time there was a sunset provision. That sunset provision, I believe, was introduced by opposition members. The government accepted it, and I think that helped to speed its passage at that time. I think in retrospect we would now agree that that was a mistake. Indeed, we have drafted this bill a little differently, in the sense that we wanted to provide opportunities for parliamentary approval but wanted to have in permanent place the power to deal with an emergency.

The question might be: Then, after this sunset clause aborted the previous powers, why didn't the government deal directly with the problem then and introduce new legislation? At that time I do not think there was a perception of the international situation being as serious as it has since become. So that is the reason for introducing it now.

You mentioned one other thing, the possible sinking of a tanker as being something which would stimulate the declaration of an emergency. I would want to put your mind at rest on that one. I would certainly not think that that would be the kind of situation which could create the need for declaring a national emergency.

**Senator Flynn:** I was not thinking of just one tanker being sunk.

**Senator Phillips:** I am sorry to interrupt Senator Flynn's questioning, but the minister was kind enough to offer to obtain certain information for me. I refer to the export permits east of the Ottawa Valley line. Would he please give me some indication of when I might expect that information? I should like to have it during this committee meeting, if possible.

**Hon. Mr. Gillespie:** Senator Phillips, I cannot give you that answer right now, but I will seek to get it before this committee completes its work. While we are trying to get you the answer to that, can you tell me for over what period of time you would like to have that information?

**Senator Phillips:** I just want it for the last 12 months. That is all I ask, Mr. Minister.

**Hon. Mr. Gillespie:** Thank you.

**Senator Marshall:** Honourable senators, I am interested in that aspect of the bill that is going to provide a means to conserve the supplies of energy within Canada during periods of national emergency. I know that one of the problems is the delivery of oil and the supply of oil to eastern Canada. I wonder why, when we are so concerned about the external situation, we do not think of the availability of alternative energy sources. I understand, for example, that in Newfoundland there is a potential output of 2,970 megawatts of hydroelectric power. That is equivalent to several million barrels of oil. In order to relieve this emergency, I wonder what effort the government is taking in extending the financial assistance required to develop that source of energy. When one considers that the Upper Churchill is providing $400 million a year to somebody other than Newfoundland, and that the potential in the Lower Churchill could relieve the situation so greatly, and when one considers that there are other sources of hydro-electric power in Atlantic Canada—which I hope other members will refer to—could the minister tell us what action the government is taking in this respect? The minister has given information in the other place at different times, but it seems that it is being delayed all the time. What action is the government taking to ensure that this is developed in order to relieve Atlantic Canada and the whole country?



• (1050)

**Hon. Mr. Gillespie:** I am delighted, senator, that you asked that question, because it deals with a project which has been close to my heart for a long time. I am talking about the Lower Churchill Development Corporation and the Gull Island project, to which I know you are referring. It is a matter of great satisfaction to the government, and, indeed, to the people of Newfoundland, and Canadians generally, that the Canadian government and the Newfoundland government have been able to reach an agreement to create the Lower Churchill Development Corporation.

It will be a unique kind of corporation because the federal government will be going in as an equity partner, an equity shareholder, with the Newfoundland government in the development of this huge renewable resource. The federal government will have a minority position, 48 per cent, and the Province of Newfoundland will have a majority position and will appoint the majority of the directors.

The project will involve a debt equity financing in the leverage that is associated with that. In other words, we would expect that with the relatively modest amounts of equity money it will be possible to finance very substantially with debt. I am thinking in the order of something like 10 per cent equity and 90 per cent debt, which debt will be placed in the private sector; and, of course, with the implied or explicit guarantees which one would associate with the two shareholders.

Something in the order of $2 billion, I would expect, would be the cost of the project, the development of Gull Island, with transmission to Newfoundland. That would not include additional transmission moving through Newfoundland or Labrador, through the province of Quebec.

I agree with you, senator, that it is massive, that it is very much consistent with our policy of reducing our dependence on foreign oil. I think that in energy terms, the energy from that particular project, if it had to be provided with petroleum, as much of the electrical generation on the east coast is, it would be equivalent to about 140,000 barrels a day. It is bigger than Syncrude—let us put it in those terms—in terms of reducing our dependence on petroleum.

So it is an extremely important project. I think it can help the whole of Atlantic Canada. It is my hope that another corporation, which we have been very active in developing with the three maritime provinces—I am referring now to the Maritime Energy Corporation, which again will be a first in terms of federal-provincial projects—will be incorporated by May of this year. That is the agreement I have with the three premiers. That particular corporation would be able to contract for the power from Gull Island, bringing that power

through the province of Quebec, and using whatever power the maritimes would need; and any additional power that could be sold, the Maritime Energy Corporation would be in a position to do so.

So with those two projects, one can see an integration of the electrical power needs for the whole of Atlantic Canada.

**Senator Marshall:** Would the minister be able to give a general time limit on when we can expect to see some progress? How far down the road are we talking?

**Hon. Mr. Gillespie:** How soon can we expect progress on the Lower Churchill Development Corporation? I think it is moving forward very well. The officers have been appointed, the directors have been appointed, and the federal government has put money into it for the first stage. I am not sure whether the Newfoundland government has yet passed the particular provision that is needed, I believe, before it can assign the water rights, and concerning other questions that are all covered in the terms of the agreement, the articles of association in connection with the formation of the corporation. I think it is moving forward well.

**Senator Smith (Colchester):** With reference to the transmission of power eventually to be generated in the Lower Churchill-Gull Island project, I note that the minister referred to the possibility of transmitting it to the Atlantic provinces, or the maritime provinces, via the province of Quebec. I wonder if that is subject to the consent of the province of Quebec, and, if so, whether that consent has been obtained.

**Hon. Mr. Gillespie:** The position of the Quebec government, as I have heard it stated, is that it wishes to co-operate. I believe the Premier of Quebec has stated that publicly. I believe I was present on a public occasion when he stated that. The Quebec Minister responsible for Energy has done the same thing. The issue is whether it will be a wheeling agreement, whereby the power is transmitted at cost or close to cost, or whether it will be a buy-sell arrangement. That will be part of the negotiation. I believe there have been preliminary discussions on that.

There is always the possibility, of course, that we could run into difficulties. It is perhaps important in this respect to note that the federal government has the power constitutionally, with respect to interprovincial exchanges, power movements, energy movements—the National Energy Board is, of course, a reflection of that—to regulate interprovincial energy movements. So for all those reasons, I am optimistic.

**Senator Smith (Colchester):** With reference to the same problem of transmission, has any consideration been given to the possibility of transmission by under-water cable, as was once considered, the power created by the present operating facilities on the Churchill River?

**Hon. Mr. Gillespie:** Senator Smith, I believe there has been a fair amount of work done with respect to underwater cable, sometimes described as the Anglo Saxon route. I believe also that that work has indicated that it is likely to transmit power at a much higher cost than the alternative, which is through Quebec.

**Senator Smith (Colchester):** With reference to the negotiation with Quebec, would it be correct that the resulting price to consumers in the maritime provinces would be less with a wheeling arrangement than with a buy-sell arrangement?

**Hon. Mr. Gillespie:** It is too early to speculate on what the final numbers will be. The important point to be made is that these two huge projects—the Gull Island project and the Maritime Energy Corporation, because of what it anticipates in terms of future development for the maritimes—will provide more secure power and at a lower cost than any alternative way of going about getting it.

**Senator Smith (Colchester):** I have just one more question concerning Gull Island and the Lower Churchill. There was some publicity given fairly recently to an alleged comment by appropriate authorities in Newfoundland to the effect that Newfoundland was not interested in any arrangement that would result in the transmission of power generated from that project to the maritime provinces. I wonder if the minister is aware whether such an attitude exists or that a statement was made in relation to the project?

**Hon. Mr. Gillespie:** I am not aware of any views on the part of the Newfoundland government to the effect that they would not want to sell the power to the maritimes. On the contrary, any dicussions I have had with the former premier and his colleagues have indicated to me that they see this as an important possibility in terms of the development of Atlantic Canada—in just the same way as the premiers of the three maritime provinces see this as an important resource from which they may be able to benefit.

These major projects will be very expensive; they are all risky; they all involve a long period of time; they are all beyond the capability or competence of any single province. It is only because of the fact that for the first time we have the federal government alongside in an equity way that these projects will come off. That is really the big breakthrough. It is the breakthrough, for example, that will permit the ultimate development of the Fundy Tides, in which so many people in the maritimes are interested. I see that as the first project that the Maritime Energy Corporation will take on. That has to be one of the more exciting new frontiers in the development of this country.

**Senator Phillips:** Senator Smith, I want to ask a question concerning the Fundy tidal project. If I am interrupting the honourable senator's questioning, I shall withdraw.

**Senator Smith (Colchester):** Please go ahead.

● (1100)

**Senator Phillips:** The minister referred to the Fundy tidal project. In the quarter of a century, more or less, that I have spent around here, I have seen the Fundy tidal project surveyed and consulted upon but always rejected I note that Bill C-42 provides for alternative sources, and the minister has referred to this this morning; but, very disturbingly, he left the Fundy tidal project as a purely maritime matter. May I, honourable senators, ask the minister if the federal government now approves of the Fundy tidal project, whether the

government will participate in funding it, and, if so, to what extent? Will the proportion be fifty-fifty, or will the whole of the funding be left to the maritime provinces?

**Hon. Mr. Gillespie:** The Maritime Energy Corporation has been set up on the basis that the federal government would provide 48 per cent and the provinces the balance. The principle is that it would be low with respect to equity in investment, the larger proportion of the funds for these projects being provided through debt. There are a number of important built-in provisions to ensure that there is a rate of return on the equity as well. It is anticipated that the financing of some of these projects would be on the same basis; that is to say, the federal government would be in a minority position, though it would be a large minority. The provinces would be in a majority position, and the funds provided by the provinces and the federal government would be in the order, say, of 5 to 10 per cent, the balance being raised through debt. I hope that answers the question.

**Senator Phillips:** I am sorry, honourable senators, but I had difficulty hearing the minister. May I ask him to repeat the explanation as to the funding?

**Hon. Mr. Gillespie:** Honourable senator, the principle is the same as in the case of the Lower Churchill Development Corporation with regard to debt and equity. This will be shared by the federal and provincial governments. The equity portion of the total financing would be in the order of 5 per cent, but not more than 10 per cent, of the total, the balance being picked up by way of debt. That debt would obviously have a series of securities or guarantees associated with the project itself from the power utilities themselves, the provinces and, utimately, the federal government. The basic financing scheme would be, let us say, 5 to 10 per cent equity, 90 to 95 per cent debt.

Your other question, I believe, was with regard to the respective portions of the federal and provincial governments. The federal government would put up 48 per cent of the equity, the provincial governments, collectively, in the case of the Maritime Energy Corporation, 52 per cent.

**Senator Riley:** Madam Chairman, I would like to address a question to the minister with regard to the Maritime Energy Corporation. What is its present status? Have any nominations been made and has the department or the minister yet determined where the head office is going to be located?

**Hon. Mr. Gillespie:** Senator Riley, no appointments have been made to the board yet, nor has the decision with regard to the location of the head office been made. What has been determined is the set of principles, or articles of association, which will govern. These have been agreed to and formally signed by myself and the three premiers. Attached to that agreement is a list of heads of agreement on subcontracts and articles of association which would govern in the case of the corporation itself. Each province has appointed one person to be responsible for bringing the articles of association to the stage of being ready for signature, and we in the federal government have also appointed such a person. We have also designated in our agreement that May 1 would be the target date for the signature of these contracts.



**Senator Riley:** I take it that the agreement once having been signed, there would be no need for legislation in order to set up the corporation.

**Hon. Mr. Gillespie:** I am not aware of any as far as the federal government is concerned, but it may be necessary for some of the provinces to do so.

**Senator Marshall:** I apologize if I seem to be straying from the subject a little, but some of the minister's answers have prompted me to ask about the progress being made between Quebec and Newfoundland with regard to the development of the Lower Churchill, which will mean so much in terms of conservation and supplies of energy.

I presume the minister is aware that in 1969 Newfoundland sold all Hydro Quebec's power to it, with the exception of 300 megawatts. In order to develop the Lower Churchill, Newfoundland is asking Quebec for 800 megawatts, which they refuse to supply unless that province is able to establish reservoirs on five rivers in Newfoundland.

I was a little surprised to hear the minister say in one of his answers that progress is being made in this connection. Has progress got to the point in the three-way discussions where there may be an agreement that this trade-off will happen?

**Hon. Mr. Gillespie:** No. I certainly would not want to invite that thought, nor is the federal government involved in any way in trying to reconcile the interests of the Government of Newfoundland, on the one hand, with the Government of Quebec on the other. That is a separate issue which stands on its own and is being negotiated on its own. What I was referring to was the comments of the Premier of Quebec and the comments of the Energy Minister of Quebec, when, at various times, they have indicated that they are anxious to co-operate in the movement of power from Gull Island to the province of Quebec. I think the most recent time when that happened was at the Economic Conference of First Ministers last fall.

**Senator Argue:** We realize that the oil industry in this country is basically, or in general, foreign owned, and I, for one, certainly welcome the initiative of Petro-Canada in the various projects it has underway. I think that it is very worthwhile that there should be a proportion of capital provided by the federal government in this area, both from the standpoint of the Canadian people and as an indication of the initiatives taken and the leadership provided by the government.

I welcome, too, association with provincial governments and also with the private oil industry, on an equity basis.

Having said that, my general question is as follows. Has any effort been made to involve the co-operative movement in providing some of the capital needed for equity? In the province of Saskatchewan we have a very successful and major co-operative oil refinery. The co-operative movement has done a little, but not a great deal, in the exploration field, and it seems to me that it would be most desirable to associate the

co-operative movement and co-operative investments with any of these projects in any way possible.

• (1110)

I realize that the profile of the co-operative movement in oil exploration is not high, but there are many billion of dollars of capital in the co-operative movement in this country, and I think it would be desirable from many standpoints if the co-operative organizations could be associated in some way. This is particularly so in western Canada, where the organizations are very large and have access to very large pools of capital in their own right. This is something that might bear fruit. I do not know whether much, or any, consideration has been given to this, and whether there has been success, but I would appreciate the minister's comment.

**Hon. Mr. Gillespie:** I believe there has been some consideration of that. Probably most of that consideration has been given by the Province of Saskatchewan. Perhaps some has been given—and I am speculating now because I do not know—by Husky Oil. I would refer you to the events of last year when Petro-Canada made an unsuccessful attempt to acquire control of Husky Oil. That particular unsuccessful attempt occurred after it was apparent that it was not going to be possible to put together the kind of farm-in arrangements with Husky which would expedite the development of heavy oils in Saskatchewan. As a result of the Petro-Canada move, I think the objective has been secured—that is to say, even though Petro-Canada did not acquire Husky, the company that did, Alberta Gas Trunk, has announced a program with respect to heavy oils which is substantially greater than that which Husky by itself would be prepared to negotiate.

I have said that because the original concept was that Petro-Canada would be joining with, probably, Gulf Oil, Husky Oil and SaskOil which is, as you know, the vehicle of the Saskatchewan government. The Saskatchewan government is very anxious to involve SaskOil in this development. I do not know what part SaskOil is going to be playing with respect to farm-ins on the AGTL-controlled Husky now, but I believe that it has been increasing its interest with respect to oil developments in Saskatchewan, and I would expect, therefore, it would have in mind the kind of question that you put to me.

**Senator Argue:** I appreciate the minister's answer, and I just suggest to him, with great respect, that this is the kind of opportunity which might be studied by his department and by Petro-Canada and promoted wherever possible. For example, Federated Co-operatives in western Canada are the owners of an oil refinery. They have, I believe, some $300 million of assets and some 550,000 members.

**Senator Flynn:** They could buy Petro-Canada.

**Senator Argue:** I hear the interjection of the Leader of the Opposition. The co-operative movement in the province of Quebec could probably buy out a dozen Petro-Canadas, so his interjection is already correct.

The credit union movement of this country has assets of some $20 billion. This is the kind of positive thing that should be promoted. I think that without the kind of promotion the federal government has done with Petro-Canada nothing would happen, but with this kind of initiative many great things are happening. I suggest, with respect and with conviction, that this is the kind of thing that should be promoted and developed. I hope that in the days and years ahead the department will give this particular idea a real boost.

**Hon. Mr. Gillespie:** Honourable senator, I would be very pleased to take that representation under advisement. If there are ways that I can see to encourage the co-operative movement to become more involved, I shall certainly seek them out.

I agree with you that the development of our resources is non-conventional, particularly the resources of western Canada in heavy oils and tar sands, and that it is absolutely the key to our energy future. I do not think enough people yet understand that the producibility of our conventional oil resources is going down; that we have been using up more than we have been finding; and that our hope has to be focussed in these big projects. Those big projects are going to depend on a number of things: they are going to depend on people who are going to take a risk and put some money in; they are also going to depend on the provinces, the federal government, and the tax régimes that each adopts.

My concern right now is that there is not nearly the sense of urgency in Alberta which I would like to see. It is great news today that the Alberta government has at last authorized the expansion of GCOS, the first tar sands plant in Canada. However, we authorized our side of that way back in November or December, and it has taken them another four months to give this authorization.

A whole year has gone by with respect to the royalty arrangements on Cold Lake in connection with the oil sands plant that Shell wants to build. I am really very concerned about the fact that the pace of development is controlled by the royalty views of the provinces.

**Senator Smith (Colchester):** With reference to the Fundy power development, I wonder if I might ask the minister a number of related questions. I understand—in fact, I know—that some years ago the Province of Nova Scotia set up a special corporation to deal with studies and possible development of Fundy power. My first question is: Does the minister know whether the activities of that corporation are going to be in some way co-operative with the activities of the Maritime Energy Corporation in relation to Fundy power?

My second question: What is the most recent estimate as to the total probable capacity of the Fundy power project; and is the federal government in any way concerned with the test project, which is on a very small scale and which is being prepared now, with reference to the Annapolis causeway which, as the minister will know, is a causeway across the Annapolis River not far from its mouth where it enters the Annapolis basin.

**Hon. Mr. Gillespie:** Senator Smith, the work that has been done with respect to the Fundy tidal potential will be carried on, but financed by the Maritime Energy Corporation provided the Maritime Energy Corporation agrees to carry it on.

Obviously, I cannot speak for the maritime premiers on this, but the clear understanding is that this would be the first project undertaken by the Maritime Energy Corporation. When I say, "the first project," the project consists of two phases. Phase one, as you have noted, has been completed; phase two is approximately a $35 million project which is site specific and would involve the design and engineering for the project itself. It would be that particular project which would be undertaken with their financing, if the Maritime Energy Corporation decided to undertake it, as I expect they would.

As to the capacity, I believe that the project would have a capacity of something in the order of 1,000 megawatts.

**Senator Bosa:** I am sure the minister noted the warm welcome he received when he walked into this chamber. I want to assure him that if he became a permanent member of this honourable institution he would get a standing ovation from my colleagues.

**Senator Flynn:** It will take five years or more.

**Senator Argue:** There are no permanent members.

• (1120)

**Senator Bosa:** Madam Chairman, it has been intimated that Canada is self-sufficient in oil, to the tune of about 71 per cent of its need. Does that mean that the deficiency of 29 per cent, which Canada imports, is the net amount, or is that the amount after trade-off with our neighbour to the south?

**Hon. Mr. Gillespie:** Senator Bosa, thank you very much for your warm welcome and your additional remarks. I have felt many times that your warmth is rather special for me because I sometimes like to think of you—if this is not considered an outrage in this chamber—as my constituent.

**Senator Phillips:** You do have problems, don't you?

**Hon. Mr. Gillespie:** On the question of our dependence on foreign oil, our consumption is pretty close to 1.8 million barrels a day. Right now we are importing a little more than 500,000 barrels a day for eastern Canada. Some of that goes into Montreal and comes out of the Portland, Maine pipeline, and the rest goes into Quebec City and to other refineries in Atlantic Canada.

We are exporting very close to 300,000 barrels a day, when you include gas liquids, so the net number is 200,000 barrels. I would cite the dependence in terms of the gross number because the delivery system cannot handle places such as Halifax, Quebec City or Newfoundland, for example, and, therefore, in terms of the importance of this bill, the vulnerability of Atlantic Canada is associated with the fact that it is drawing better than 500,000 barrels a day.

**Senator Thompson:** I appreciate that we can ask general questions at this point, and I was interested in Senator Argue's raising the matter of Petro-Can.

Taking, for example, Germany, Japan, Britain, France and Italy, I understand they have national oil agencies. I notice that with regard to our national agency, Petro-Can, there have been questions relating to the fact that it should be doing more than just negotiating with Venezuela; it should handle all negotiations.

I understand your reply is that you might consider this as a role for them when they have the capacities in the western hemisphere, but with respect to eastern countries you wish to have the flexibility of the multinationals on the basis that they have pooling in a number of areas.

Do the national agencies for those nations I have mentioned—Germany, Japan, Britain, France and Italy—actually contract all of the oil for importation?

**Hon. Mr. Gillespie:** Madam Chairman, I am not aware whether any of those countries would be using their national oil company or the oil company in which they have a significant, if not controlling, interest to undertake all their imports. Indeed, I think it would not be true. I cannot give you the figure as to what proportion they are importing at the present time.

All significant oil producers, with only one exception, have a national oil company. The one exception, of course, is the United States. They do not need a national oil company, because of the dominant position of the Seven Sisters and other international companies.

As you pointed out, it is also interesting to note that the consuming countries, such as Germany, have been making investments. Japan has a national oil company. Britain has two national oil companies. I think you could say that France has two, in the sense that there was two significant multinational corporations in which the French government has a very significant interest, and some say a controlling interest.

I hope that covers your question.

**Senator Smith (Colchester):** Madam Chairman, with reference to the answer the minister gave about the capacity of Fundy being 1,000 megawatts, and having regard to the difficulty of utilizing complete capacity all the time because of the ebb and flow of the tides, would the minister indicate whether any estimate has been made of the probable contribution in the equivalent of barrels of oil per day that could be supplied by this project, if and when developed?

**Hon. Mr. Gillespie:** That is a very important question, and I would like to check it out before I give an answer. I have a view, but I think it would be wiser to check it out and provide it to you separately.

**Senator Smith (Colchester):** That is satisfactory.

I now turn to the Maritime Energy Corporation. From the way the minister has referred to the corporation, I assume he thinks there is potential for a substantial benefit to flow all through the maritime provinces from the creation of this corporation. I wonder if he would mind enumerating those which he can now call to mind.

**Hon. Mr. Gillespie:** The honourable senator is asking me about the benefits I can anticipate?

**Senator Smith (Colchester):** Yes.

**Hon. Mr. Gillespie:** Basically, they fall into two groups. The first is security of electrical energy supply, because there would be less dependence on other forms of feed stocks such as oil. Second, I anticipate the very important benefit of lower-cost energy to the consumers of electrical energy in the maritimes.

Let us look at some of the things the Maritime Energy Corporation would do. One of the important things it would do would be to operate the existing grid system in a way which would minimize costs and maximize benefits of the system through a central computer. The central computer would determine which generating facilities should go on and which should go off, given the demands in various parts of the maritimes. You are more familiar than I am with how those demands will change from time to time during the day and season to season in various parts of the maritimes. Through this central dispatch mechanism, costs will be minimized and benefits will be shared throughout the maritimes.

The second important feature is the power to plan future development of the system in the maritimes both on the generating side and on the transmission side. Associated with that is the power to buy and sell power. They could sell surplus power such as would be available in the event that the Fundy tidal power project went through, because of those great peaks, as you know, senator, better than I. Using those in the system is going to be a problem. There may be times when they would want to sell that surplus to New England, perhaps, or perhaps put some of it back into Quebec. There is a buying and selling function there. We were talking earlier about the buying function—buying from Gull Island. That is an important function associated with the planning of the system.

In the planning of the system, the generating side is going to be key.

• (1130)

The question regarding what plants should be built, what kinds of capacities should be expected, and the types of scales is very important. The fact that you have a guaranteed market in the maritimes allows you to contemplate projects which would be beyond the ability of any one province to finance and beyond the power of any one province to absorb. These are important benefits that, when taken together, add up the security and lower costs for energy in the future.

**Senator Smith (Colchester):** Thank you, Mr. Minister.

**Senator Bosa:** What effort is the government making at this time to improve the delivery of oil from the west to the east, particularly to the Sarnia plant? I understand the Sarnia-Montreal pipeline is underutilized.

**Hon. Mr. Gillespie:** The Sarnia-Montreal pipeline is not underutilized now. If anything, it is operating above capacity. The capacity was increased last year from approximately 250,000 barrels a day to 315,000 barrels a day. Fairly recently, it has been running at close to 340,000 barrels a day. This changes from season to season and depends on the mix of oils. If heavy oils are going through the pipeline, the throughput goes down; if lighter oils are going through the pipeline, the throughput goes up.

It has been operating at capacity on the Sarnia-Montreal section. However, there have been bottlenecks upstream from Sarnia. The IPL management that operates the system has taken a decision to de-bottleneck that part of it. It is anticipated that something in the order of 65,000 barrels a day more will be able to flow through that section of the system upstream from Sarnia. That, then, will be made available for both the Ontario market and the Montreal market.

The fact of the matter is that the system has been increasing in capacity. The big problem, though, is not so much the capacity of the system, but the problem of ensuring that there will be enough oil to sustain the existing system, let alone increase the capacity of the system.

The National Energy Board forecasts that at levels of 315,000 barrels a day, it will only be possible, based on the reserve position and the producibility position in western Canada, to sustain that volume for three, three and a half years. So the key question is not the size of the deliverability of the system but how we get resources in western Canada developed at a rate which can not only offset the decline in producibility of conventional oil but sustain the existing through-put to Montreal. That is why I keep coming back to the question of the pace of development. That is absolutely critical, because if we cannot get the tar sands plants going, if we cannot get the heavy oils going, and if we do not have another lucky find on the conventional side, we are not going to be able to sustain the existing volumes through that pipeline for very long.

**Senator Adams:** I should like to ask the minister a question regarding an announcement made by Petro-Canada to the effect that it will introduce two icebreaker tankers to transport liquefied natural gas from the high Arctic, and whether we can expect to see approximately 100 miles of pipeline from the north end to the south end of Melville Island.

**Hon. Mr. Gillespie:** I think I heard your question, and I suppose the short answer as to our prospects for development of liquefied natural gas is that they are a lot better than they were a year ago. There has been a great deal of work done. Petro-Canada has been very much involved, along with other companies such as Alberta Gas Trunk Line (Canada) Limited and TransCanada Pipelines Limited. They have all been involved in the planning of liquefaction plants.

The present plan which Petro-Canada has been discussing is the establishment of a gathering system off Melville Island, which gathering system would then come to a point. A liquefaction plant would be established and liquid natural gas would be transported by two reinforced tankers to eastern Canada. Petro-Canada has entered into an agreement with respect to the technology for such a liquefaction plant. This agreement was made with a French company by the name of La Technique, which has specialized technology, based to some extent on the work they have done in Algeria. Algeria, as you know, is an important source of liquefied natural gas. That

project is going forward. The engineering group has been chosen, and I hope that they will be in a position in the relatively near future to give us some more information on their plans.

**Senator Williams:** Mr. Minister, with regard to the tanker service from the high Arctic, would that be on a seasonal basis or on a year-round basis?

**Hon. Mr. Gillespie:** The tanker operation I mentioned a moment ago is anticipated to operate on a year-round basis.

**The Chairman:** Honourable senators, shall clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 2 carry?

**Senator Forsey:** I should like to ask a question regarding two points in clause 2 of the bill. First of all, I do not find any definition of "minister". I presume it is intended to be the Minister of Energy, Mines and Resources. Clause 23(1) states:

> (1) Where, in order to comply with any request in writing from the Minister—

As far as I can see, there is no explicit statement of who the minister is. Is that because it is by necessary intendment, or what is the explanation?

**Hon. Mr. Gillespie:** Senator Forsey, I do not know of any reason it was omitted, other than the possibility that it was to introduce a degree of flexibility. I think it is clearly indicated that it refers to the Minister of Energy, Mines and Resources who would be the minister involved with this particular bill.

**Senator Flynn:** Just as the Minister of Transport is responsible for the Wheat Board.

**Senator Forsey:** I wondered, because sometimes in such clauses we see something saying that "the minister" means the minister of such-and-such or any other minister designated by the Governor in Council, or some phrase of that sort. I wondered why that was not in here. I mention that now in light of the minister's remark that it was intended to give flexibility. I merely put the question for consideration. I do not think it is a vital matter, but I am interested in it.

My second question has to do with clause 2(2). That looks pretty satisfactory from the point of view of the members of the Statutory Instruments Committee, whose interest I have rather especially at heart, except that I am not quite certain about whether the order under clause 11(1) would include the content of the program.

● (1140)

It would appear to me not, and it would appear to me, also, therefore, that the content of the program would not be a statutory instrument under subclause 2(2), and this is of some importance when we come to subclause 12(3) and subclause 13(1).

Would the content of the program or merely the statement of the necessity of the national emergency be in the order under subclause 11(1)?

[Mr. Gillespie.]

**Hon. Mr. Gillespie:** If I may deal first with your question with respect to the designation of the minister, Senator Forsey, I should like to draw your attention to subclause 10(1), which reads:

> The Board—

The "Board" referring to the Emergency Supplies Allocation Board.

> —shall act under the instructions of the Governor in Council and report to the Minister of Energy, Mines and Resources from time to time upon its activities under this Act.

The Minister of Energy, Mines and Resources is named in subclause 10(2) as well.

**Senator Forsey:** That, presumably, would cover subclause 23(1).

**Senator Roblin:** By interpretation only.

**Senator Flynn:** You have to remember that this was drafted in haste.

**Hon. Mr. Gillespie:** I may have to take two shots at your second question. I am not sure that I fully understand the question.

As you have noted, the Energy Supplies Allocation Board prepares the mandatory allocation program, and that mandatory allocation program is submitted to the Governor in Council. The Governor in Council then issues an order approving that program. I am told that that particular aspect is covered by subclause 12(6). You may have a further question on that.

**Senator Forsey:** I am sorry, but I am not satisfied with that. We on the Statutory Instruments Committee have been presented repeatedly with the view of the law officers attached to the Privy Council Office that unless the words "by order," or some such magic phrase, as we have come to call it, are included, it is not a statutory instrument. An order in council merely approving would not be regarded by the legal advisers of the Privy Council Office as a statutory instrument. It must contain the words "by order" or some similar phrase.

That is why I feel uneasy about the definition in subclause 2(2) in relation to the matters dealt with in subclause 12(3) and subclause 13(1). We want to be sure that they would come before the Statutory Instruments Committee. The order under subclause 11(1) is, of course, a statutory instrument, but the order under subclause 11(1) does not appear necessarily to contain the allocation program. That is drawn up by the board and then approved by the Governor in Council—but not approved "by order."

**Hon. Mr. Gillespie:** I am informed by my legal adviser that the order in council approving the mandatory allocation program which is laid before Parliament would have attached to it the mandatory allocation program itself, and that might be anticipated, as well, from subclauses 12(3), (4), (5) and (6).

**Senator Forsey:** Ah yes, but in subclause 12(4), Mr. Minister, it is expressly stated that the Governor in Council "may, by order, amend a mandatory allocation program." The allo-

cation program itself is merely brought up by the board and approved. But when it comes to an amendment, the bill is careful to say that the Governor in Council may, by order, amend the program. So any amendment would be a statutory instrument, beyond doubt—even on the showing of the legal advisers of the Privy Council Office, whose opinion we are not prepared to accept sometimes but which we cannot very well get around.

But there is that distinct difference between the approval in subclause 12(3) and the amendment in subclause 12(4). That is what worries me.

I hope that what your legal adviser says is correct, but I hope, also, that my successor as Chairman of the Statutory Instruments Committee may not, at some subsequent date, be faced with the bland statement, "Oh well, the statute is clear. We are sorry if your predecessor got information in the Senate that was quite different."

I hope I may be able to smooth the path a little bit and make straight the ways for my successor and his colleagues on the Statutory Instruments Committee. That is why I feel that the existing form of subclauses 12(3) and 13(1) is not in this respect satisfactory. Out of an abundance of caution, perhaps, it might be well to put in the words "by order" in each of those cases.

**Hon. Mr. Gillespie:** Senator Forsey, I draw your attention to subclause 12(6), which reads:

> (6) An order approving or amending a mandatory allocation program or adding any product thereto shall be laid before Parliament forthwith upon the making thereof, or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

**Senator Forsey:** Yes I know, but that does not make it a statutory instrument.

**Hon. Mr. Gillespie:** What I am saying is that the program, first of all, can only be approved by order of the Governor in Council. That is my understanding on the basis of the advice I have received. Secondly, it can only be amended by order, as set out in subclause 12(4), and both the amendments and the approvals, both by order, must be laid before Parliament.

Going back to subclause 12(1), which is the basic responsibility of the board to prepare a mandatory allocation program, that mandatory allocation program would be attached in the first instance to the order approving it.

**Senator Forsey:** I am sorry, Mr. Minister, but I am still not satisfied. You are playing upon the words "by order." No doubt you are not to blame for this. It is the advice you get from your legal adviser, and it is somewhat temerarious of me to question the advice of your legal adviser. But the mere existence of an order in council does not in itself, in our experience in the Statutory Instruments Committee, fulfill the requirements of the magic phrase "by order." I again point out that in subclause 12(4) we have the wording "the Governor in Council may, by order—". It does not say "the Governor in Council may amend". If it said that, I would submit that it probably would not be a statutory instrument. But in clause 12(3) it simply says "approved by the Governor in Council". Of course the approval would be contained in an order in council, but it would not be for these purposes, in the submission that we have had repeatedly from the Privy Council Office lawyers, it would not be an order; it would not fulfill the requirements of the Statutory Instruments Act, section 2, paragraph (d)(iii) which has caused us endless trouble in the Statutory Instruments Committee and has been the means of extracting from under our consideration various documents which in our judgment we ought to have been able to see, and what I am afraid of is that exactly the same thing would happen here—a mandatory allocation order, though not an amendment to it. An amendment to it would come right plunk before the Statutory Instruments Committee, but the contents of the program itself—the thing that was being amended—would not necessarily come, and the fact that it was attached to an order in council would not, as far as I can see, make the slightest difference. The Privy Council Office lawyers would simply say to us, "Sorry, the words 'by order' are not there; good-bye; this is not your jurisdiction; keep out; this means you!" This is what I am afraid of. This is why I propose, if I do not get what I consider to be a satisfactory answer now, to move amendments to clauses 12(3) and 13(1) to put in the words "by order" so there shall be no doubt about it. And the fact that it is laid before Parliament is neither here nor there so far as the Statutory Instruments Committee is concerned. The Statutory Instruments Committee is empowered to examine and scrutinize statutory instruments; it is not empowered to scrutinize and examine any document that is presented to Parliament.

● (1150)

**Hon. Mr. Gillespie:** I don't know if I should have one further shot at you, Senator Forsey. I defer to your expert knowledge in this area. I am repeating myself when I say that it is my clear understanding that the approval of the mandatory allocation program itself is what you are concerned about. You want to be able to get at the mandatory allocation program itself. You want to know what is in there, and you want to be able to see this. It is my clear understanding that the order which would approve that mandatory allocation program would include with it the mandatory allocation program and therefore under clause 2(2), which you referred to in your opening remarks, that particular program would be available to the Statutory Instruments Committee.

**Senator Forsey:** I hope you are right, but I have my doubts, and I am afraid I shall move my amendments when the time comes, because I do wish—and I am thoroughly in favour of the whole principle of this bill—but I do wish the government would get draftsmen who have some idea in their heads besides administrative convenience, and some idea of such abtruse and exotic and esoteric notions as the rule of law.

**Senator Thompson:** Mr. Minister, under clause 2, I hope I am permitted to pose the question that concerns me. Under the definition of the product you referred to hydrocarbons, and my assumption, with the very little knowledge that I have about it, is that it refers to coal and oil. When we talk of an energy

crisis, surely we have to think in terms of all the energy resources we have in Canada. I was interested that the minister in referring to the Lower Churchill Falls had equated the 7,000 megawatts of power that would be produced to 140,000 barrels a day. But yet I appreciate that electicity is not included in the allocation. The understanding I have is that it is because of the sensitivity of the provinces towards their own hydro-electric concerns. But I wonder if you are not limping when you try to put in an energy emergency policy without the inclusion of electricity, and without the inclusion of nuclear power which the federal government has contributed a great deal. I notice, too, that we also contribute to solar power, which is moving into the picture to the extent of $340 million. I ask the minister if he is not concerned that he has not included electricity, in particular, in this, and whether he discussed it when the act first came in in 1974. I think it was in 1973 that his predecessor had discussions with the provinces and they said, "No, we are not going to have you include electricity." Is that the reason why it is not included?

**Hon. Mr. Gillespie:** The first point that might be worth clearing up, senator, is the question of hydrocarbons. I am told by my technical experts that coal is carbon and does not come under the general rubric of hydrocarbons. In hydrocarbons we are dealing with natural gas, oil and some of the bituminous heavy oils.

On the question of electrical energy, there is a recognition that it may be necessary at various times to include other products than hydrocarbons and petroleum products. I am referring to clauses 13(1) and (2), which deal with the allocation of alternative fuels. Clause 13(1) reads:

> Where it is considered necessary to do so for the purpose of conserving the available supplies of such petroleum products as have been included in a mandatory allocation program, the Governor in Council may amend the mandatory allocation program by adding any alternative fuel thereto and establishing mandatory allocation thereof.

That is a situation where natural gas might be added in certain defined circumstances.

**Senator Flynn:** Would this entitle you to allocate electricity?

**Hon. Mr. Gillespie:** There is a particular clause on electrical power, clause 15. That clause really provides for the possibility of electrical power, but there is a very important condition which I shall read:

> 15. The Board may, with the approval of the Governor in Council, enter into arrangements with provincial authorities for the regulation and pricing by such provincial authorities of the supplies of electric power produced or used within a province for the purpose of reducing the demands upon the available supplies within Canada of a petroleum product.

There are two important conditions in there. The first one is that there would be no grab for the electrical power or the allocation of electrical power, as any allocation of electrical power could only be with the agreement of the province. In other words, if the province did not see that it was to the advantage of the citizens of the province there would not be any role for ESEA. Secondly, it is clearly directed to the question of alternative uses of a petroleum product and one could see situations where thermo-power stations using oil might be affected, and there might be a situation where a province would agree that the electrical power site of energy should come under a degree of allocation. But it is heavily conditioned by clause 15 and, as I have indicated, it can only happen with the approval of the province concerned. If the province did not want to go with electrical power, then the Emergency Supplies Allocation Board would have no power to force it.

[Senator Thompson.]

**Senator Roblin:** I suppose it is a good thing that there is no senator from Alberta here. I don't see any. I am really not in a position to speak for them under any circumstances but this is an anomaly that I cannot refrain from remarking upon. Here we have a bill that is entitled an energy bill, and that takes in a lot of territory.

The words "supplies of energy" would certainly include hydro-electric energy, and we have taken the most extreme measures with respect to what we are willing to do with the energy asset of Alberta, that's for sure, and Saskatchewan. Of course, there is a little bit in Manitoba as well. But we are certainly not holding back in the slightest with respect to Alberta's source of energy. Yet, when we come to some other sources of energy, such as electricity—some of which is provided by hydro generation, and some of which by coal—and perhaps there may be still some generated by gas; there is certainly some from uranium—this type of energy we regard as something quite different.

• (1200)

When one considers the link-up between the energy supplies that are derived from electricity and the energy supplies that are derived from oil, it has to be conceded that they are related; and we can easily conceive the situation where energy exports of electricity, for example—which are now quite common and I suggest will become more common outside the borders of Canada—might very well have an effect on energy supplies of all sorts within Canada. Yet we are not taking any power in this bill to do anything about it, except on a by-your-leave basis.

We take an entirely different attitude, however, when we talk about energy derived from oil. So it seems to me that this is a curious situation. I do not know that the minister has offered any explanation as to why he has done it. He has told us how it works, and I think that was an understandable explanation. But I would appreciate knowing from him how he finds it possible to make such a complete differentiation in his own mind between energy that comes from a source, namely, oil, and energy which comes from another source, namely, electricity. If he wants to tell us it is because of the delicate balance of the Canadian federation, or something to do with that matter, I am quite willing to listen to such an explanation; but I think I should like to hear his view as to what might be the reason for this particular treatment of electricity.

**Hon. Mr. Gillespie:** There are a couple of obvious reasons as to why it is different. The first is that it is portable in a way that no other energy source is; that it is strategic in the sense that it is the largest energy source in the country. Right now I suppose that 40 per cent of our energy comes from oil. Secondly, we are vulnerable in the importing sense. We do not import any significant electrical energy. Yes, we do import some on a sort of swap arrangement between provinces or provincial utilities. I think there is a clear distinction between oil in its import vulnerability, its portability, its importance, and electrical energy, which, generally speaking, does not meet any of those conditions and is under a different set of administrative rules.

**Senator Roblin:** I feel that the minister must really have some better reasons that he is not willing to disclose to us. With regard to portability, it is surely clear that there is quite an analogy between the portability of electricity supply and a pipeline. There is a limit on the economical transfer of electricity, but it can be transported for large distances—certainly 400 to 500 miles. It is certainly done like that in my own province. We know that there are interprovincial links between the various provinces on the hydro-electric exchanges—that is a common thing—and to tell us that portability is the point on which the decision is made really strikes me as being unconvincing.

The fact that it is important—namely, 30 per cent of our energy resources—seems to be all the more reason why it might be considered along with these other aspects of energy rather than to give reasons why it shouldn't.

The other reason that the minister gave was that we do not import any. That is perfectly true. We do not import very much, but we certainly export it; and if we export it we might decide that we would like to keep it in the country to replace oil supplies if oil supplies were short.

I do not suppose that my analysis of the situation will convince the minister, so I do not intend to pursue the matter any further; but I do appreciate the opportunity to express my conviction that the reasons he has given us are really not convincing to me.

**Hon. Mr. Gillespie:** Let me take another shot at you, senator. I said 40 per cent for oil. Well, it is about that. It may be a percentage point or two more, but that is about right. Electrical energy is about 25 per cent. There is a big difference. I think you will agree with that. The second point that I should make is that portability involves choices. I do not think you have the same kind of options in choices, in electrical generation and transmission. Transmission lines are there, with a highly portable fluid substance, which can be used in a number of different ways—whether as a transportation product, or a heating product, or a product in factories, or as a feed stock for the petro-chemical industry. I think you are dealing with something a little different from energy going down wires.

My third point is the vulnerability aspect as an imported product. When we are looking at Atlantic Canada, we are looking at 100 per cent dependence on foreign oil, 100 per cent vulnerability. When you get into Quebec, it is not quite as great as that, largely as a result of initiatives that we have taken. The oil pipeline to Montreal has cut overall energy imports by, I suppose, 40 per cent in the last three years. We are down from 800,000 barrels a day to 500,000 barrels a day. But there is still a very high degree of dependence and vulnerability; and you do not find that degree of vulnerability with electrical energy, its generation and transmission.

**Senator Roblin:** It misses the point that we are trying to deal with the whole energy situation in the nation, and obviously to a degree—although not perhaps to an overwhelming degree—there is this question of substitution. That is exactly what we are talking about in connection with oil and electricity. With that, I promise to say no more about the subject.

**Hon. Mr. Gillespie:** If the senator will allow me one comment, it is that we have not sought unnecessary powers. It seems that you are putting to me that the government should have sought even more powers with respect to the allocation of electrical energy than we have. I am surprised that the distinguished senator from the opposition party would be putting to me the case that the federal government should be seeking more powers for the allocation of hydro when the provinces of Quebec and Ontario have said that they do not want any part of it. I think the honourable senator has something to explain, with all respect.

**Senator Roblin:** I am not going to talk on that point, because I promised I wouldn't, and I am a man of my word. But when it comes to powers, I want to let the minister know that I have some views on that. When he says that he has taken no more powers in this bill than are absolutely necessary, I would beg to differ. While it would be anticipating comment on the various sections, Madam Chairman, and I defer to your nod, I want to assure the minister than when it comes to powers, I will do my best to strip him of some of the ones that he has grasped at in this bill.

**Senator Flynn:** The problem results from the fact that the minister will not admit very simply that he did not want to get involved in disputes with the provinces.

**Senator Phillips:** Honourable senators, if I may refer to a subject introduced earlier by Senator Thompson, who made a rather feeble attempt to justify Petro-Canada as being the purchasing agent for oil imports, as a maritimer I am unhappy with the idea that Petro-Canada will be purchasing oil and attempting to distribute it throughout the Atlantic provinces. Let us consider for a moment our record in crown agencies. We have had Lockheed. The government knew nothing about any bribery payments there. We then go to Atomic Energy of Canada Limited. Again, what an innocent bunch they were on the treasury benches! None of them knew a thing about a Korean living in Jerusalem—

**The Chairman:** Order—

**Senator Phillips:** —receiving payoffs.

**The Chairman:** Is the honourable senator speaking to clause 2?

• (1210)

**Senator Phillips:** Yes. I am sorry if you find it embarrassing, Madam Chairman.

**The Chairman:** I am trying to determine the relevancy of this to clause 2.

**Senator Phillips:** It is relevant, and as I say, I apologize if you find it embarrassing.

We now hand over the importation of oil to another agency. I would like to ask the minister—and this is very relevant—if he will have more control over Petro-Canada as a purchasing agent than he has over Atomic Energy of Canada Limited?

**Hon. Mr. Gillespie:** Petro-Canada is a crown corporation, senator. Its powers are well known, and are set out in an act which was passed by the House of Commons and the Senate in 1975, as I recall. I am delighted that it has the powers that the Parliament of Canada gave it, and I think those powers are sufficient to enable it to discharge its duties. Were it not for the fact that it has the power to contract, we would be even more exposed than we are in Atlantic Canada. I think Petro-Canada is going to be successful in acquiring, on a basis of national oil company to national oil company, a secure supply of crude for eastern Canada, and particularly, I would emphasize, for Atlantic Canada, which would not otherwise be available to us. Indeed, I believe the events of the last two weeks have indicated that if you place your trust in the multinational corporations—and I am referring, of course, to Exxon Corporation—the supply of crude for eastern Canada is not as secure as Canadians have been led to believe.

As you may have noted, the Venezuelan minister of energy has recently communicated with me, telling me that he is anxious, as the energy minister of the new government, to advance the state-to-state oil arrangements which I had discussed with his predecessor very recently in Venezuela. I think Petro-Canada does have the power to deal with the important challenge it has ahead of it right now.

**Senator Phillips:** Would the minister assure me that any bribes or commissions paid by Petro-Canada—

**Some Hon. Senators:** Order! Order!

**Senator Phillips:** —will not be added to the cost of fuels in the Atlantic provinces?

**Hon. Mr. Gillespie:** Quite frankly, I think that is a very irresponsible statement. To suggest that Petro-Canada would be involved in bribes seems to me to be irresponsible.

**Senator Phillips:** It is not irresponsible, Mr. Minister. Consider the record of the various agencies. No one can deny the bribes paid out by Atomic Energy of Canada Limited, and all I am asking is that, if bribes or commissions are paid out, they not be passed on to the consumer in the Atlantic provinces.

**Some Hon. Senators:** Order! Order!

[Senator Phillips.]

**The Chairman:** Honourable senators, I think I have allowed sufficient time on this clause and on the general discussion. I think it would be helpful to all of us if we were to proceed. Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Energy Supplies Allocation Board.

Shall clause 3 carry?

**Senator Smith (Colchester):** Madam Chairman, I wonder if the minister would tell us when this board is likely to be appointed, and whether or not the rates of pay referred to in the next clause have been fixed.

**Hon. Mr. Gillespie:** Let me put it this way. The chairman will be appointed shortly after passage of this bill. The other members of the board will be appointed as appropriate. That could mean that, for example, three additional members would be appointed at the same time, or at about the same time, as the chairman. A certain flexibility is built into this clause which enables the Governor in Council to decide how many members should be appointed up to six, so that there is no mandatory number. This provides a degree of flexibility, in the event that the present situation which concerns us so much recedes. If it does recede, then we can scale down and maintain the board in being with a chairman and very few others.

With regard to payment, the salaries would be determined by the Governor in Council. I believe that is carried under clause 4.

**Senator Smith (Colchester):** Yes, it is.

I note with reference to clause 3 that one of the members of the board shall be a senior official of Petro-Canada. Is it envisaged that the Governor in Council will appoint the chairman, or would it be left to the members of the board to appoint a chairman? If the Governor in Council is going to appoint a chairman, is it anticipated that this will be a senior official of Petro-Canada?

**Hon. Mr. Gillespie:** Senator Smith, the Governor in Council will be appointing all of the members, and will be appointing the chairman. I would not anticipate that the senior official of Petro-Canada would be the chairman of the board.

**Senator Flynn:** I would hope not.

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 4 carry?

**Some Hon. Senators:** Carried.

**Senator Smith (Colchester):** My honourable friends get a little impatient sometimes, but that really does not speed the passage of a clause of the bill.

I asked before I should have about the rate of pay, and the minister gave me the answer which I can see for myself in clause 4, namely, that it is to be fixed by the Governor in Council. What I really want to know is whether the rate of remuneration has been considered and, if so, at what general level?

**Hon. Mr. Gillespie:** Senator Smith, it has not been determined at the present time.

**Senator Smith (Colchester):** I do not want to be picayune about this, but I asked if it had been considered, and if so, at what level. I did not ask if it had been determined.

**Hon. Mr. Gillespie:** Yes, it has been considered. No decision has been made. In the case of the previous incumbent, the salary level was around that of an SX-3.

**The Chairman:** Shall clause 4 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 5 carry?

**Senator Grosart:** Clause 5(3)(b), reads, in part, as follows:

> —and the Board may, subject to any provisions relating to privileged information, obtain the advice and assistance of any department or agency of the Government of Canada.

I would like to ask what provisions are referred to which would restrict other departments from disclosing what is called here "privileged information," and I would like to know particularly whether it refers to the Department of National Revenue.

**Senator Flynn:** Or the Official Secrets Act?

**Hon. Mr. Gillespie:** Senator Grosart, I am advised that there are provisions relating to privileged information in a number of acts, including the Petroleum Corporations Monitoring Act, the Income Tax Act, the Statistics Act, CALURA and the Petroleum Administration Act, Part IV, or mainly Part IV.

**The Chairman:** Shall clause 5 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6 carry?

• (1220)

**Senator Smith (Colchester):** Madam Chairman, before that clause is carried, I wonder if the minister could tell us whether the location of the head office of the board has yet been considered and, if so, where is it likely to be in terms of the exact words that are contained in the clause?

**Hon. Mr. Gillespie:** Clause 6(1) states, Senator Smith:

> The head office of the Board shall be in the National Capital Region—

**Senator Smith (Colchester):** Yes, I know that. With all respect, and without wishing in any way to be unpleasant, I am really capable of reading the clause myself. What I am asking is whether the exact location within the National Capital Region has been considered and, if so, where is it likely to be?

**Hon. Mr. Gillespie:** I cannot give you any precise information. It may be that it will be in offices in my own building on Booth Street, but that is something which I would not want to be bound by.

**Senator Phillips:** Would the minister consider locating the offices in one of the number of vacant buildings for which the federal government is still paying rent?

**Hon. Mr. Gillespie:** We will certainly take that representation under consideration.

**The Chairman:** Shall clause 6 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 7 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 8 carry?

**Senator Grosart:** Would the minister care to make this clause a little clearer than it is to me on reading this clause and clause 5? What is the status of the various employees of the board, including the members of the board? Clause 8(3) says:

> Persons engaged by the Board . . . shall be deemed not to form part of the Public Service for the purposes of section 11 and 13 of the Public Service Employment Act.

If we refer to clause 5, we find these persons described as "persons . . . to act as agents of the Board." Agency, as I understand it, is a very specific type of relationship. Would the minister just give us a rundown on the status of the various people who will be in one way or another administering the act?

**Hon. Mr. Gillespie:** Senator Grosart, I will do my best to provide an answer to your question. I gather it is bound up in the policy of the Public Service Commission and the issues of technical questions and technical competence.

Clause 5, and more particularly subclause (2), deals with the powers. It states:

> The Board may engage on a temporary basis the services of persons having technical or specialized knowledge to act as agents of the Board in administering the allocation of any controlled product and to advise and assist the Board—

et cetera.

Subclause 8(3) is concerned with that aspect of temporary employment not to be considered as public service in the normal course of events.

**The Chairman:** Shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Senator Roblin:** Madam Chairman, I have some observations to make with respect to clause 9, with particular reference to subclause (2), because this bill conveys very large powers indeed to the board which it establishes.

As members of this committee know, the regulating power of the Governor in Council over the board is set out in clause 16(s), and it is one of the most sweeping powers of delegation that I have ever had the opportunity to see. I should like to read it in case anyone has forgotten it. Referring to the powers of regulation, this subclause states:

> respecting such other matters or things, whether or not of a like kind to those referred to in paragraphs (*a*) to (*r*)—

Which, I interpolate, are the regulating clauses.

> —as the Board considers necessary for the purpose of carrying out a mandatory allocation program for a controlled product.

So one sees that the power of regulation, which is provided under the mandatory energy clause, is really quite sweeping in its application.

If you look through this bill, you will find other places where the same comment might apply. If you refer to clause 20, which deals with setting up the rationing system, you will find the same kind of all-inclusive catch-all regulating power. I refer to subclause 20(*l*). It does the same thing; it gives power to regulate—

> —such other matters or things, whether or not of a like kind to those referred to in paragraphs (*a*) to (*k*), as the Board considers necessary for the purpose of carrying out a rationing program.

If you turn to clause 26(5) of the bill, you will see another extraordinary power which provides that the National Energy Board may be vested with any powers it needs to do what it is told by the allocating people, even if it requires a change, a violation, a trespass, an addition, or whatnot to the statute that governs that body.

Under this bill you are, in effect, conveying to the board the power to make substantive law—not the power of a subordinate body to make law, I suggest, but the same power that Parliament has. Not only that, under this bill, if the board finds it necessary, it may overrule half a dozen statutes. I read some of them into the record yesterday in the course of my remarks. I will not repeat them because members of this committee are familiar with them.

I think I can safely say that the powers conveyed by this bill are exceptional; they are extraordinary; they go far beyond what is found in most statutes. There may be others that are as bad. I suspect the War Measures Act is not much better, but it would surprise me if there are many statutes of the Canadian Parliament which ride as roughshod as this with respect to powers of regulation.

What particularly concerns me in clause 9 is that the board is given the power to delegate all of these extraordinary powers. Subclause 9(2) states:

> The Board may by order delegate, in whole or in part, to any person, body or authority any of the powers or duties of the Board arising out of any regulation under this Act, and such delegated person, body or authority may exercise the powers and shall perform the duties so delegated.

We have, in the first place, a bill which conveys extraordinary powers of regulation; power to override the statutes; power to rewrite the law in some instances; and it compounds the situation, in my view, by permitting this board to redelegate all these excessive powers to another body or person, or to anybody they like.

[Senator Roblin.]

You may have some views about the necessity of the original power to make regulations, et cetera, that are in this bill on account of the emergency nature of the situation, but I think you need have no reservation about the undesirability of permitting this redelegation of powers by the board to somebody else in their full force, effect and plenitude. The house was made aware yesterday that Parliament has on previous occasions, taken a very critical view of such a redelegation of powers. It is a principle fundamental to our law that a delegate cannot delegate. Here we are doing it in spades, and I do not think it is even necessary or desirable.

Consequently, I am moving an amendment that Bill C-42 be amended by striking out clause 9, subclause (2), on page 5 and by renumbering the remaining subclauses accordingly and by amending where necessary all references in the bill to the renumbered subclauses. I have copies of this amendment in French and in English for those who may be interested.

● (1230)

**The Chairman:** It is moved by Senator Roblin:

That Bill C-42 be amended

(a) by striking out subclause 9(2) on page 5;

(b) by re-numbering the remaining subclauses accordingly; and

(c) by amending, where necessary, all references in the bill to the re-numbered subclauses.

Shall the amendment carry?

**Senator Forsey:** Madam Chairman, before the amendment is put to a vote, there are certain supplementary observations I should like to make upon it.

I think we would all agree that there are certain administrative actions which any board of this sort must delegate to particular people, but that the whole power of the board—every bit of it, every part of it—should be capable of subdelegation, as it is under this subclause, it seems to me absolutely fantastic. I have never seen anything like it in any statute before. Perhaps there is something comparable somewhere, but it certainly strikes me with the force of a thunderclap.

And I want to reiterate what Senator Roblin said just now.

> —may delegate . . . in whole or in part, to any person—

The groom of the backstairs.

> —body or authority any of the powers or duties of the Board arising out of any regulation under this Act, and such delegated person, body or authority may exercise the powers and shall perform the duties so delegated.

I don't see how you could draft anything more all-inclusive, more comprehensive, than that. You really scarcely need a board at all. All you need to do is set up one person and say, "Here he is. He has all the power to do everything necessary." That seems to me a most amazing clause to insert in any bill to come before Parliament.

I strongly support the amendment moved by Senator Roblin. If he hadn't moved it, I think I should have moved it myself. Fortunately, I have been spared that unfortunate duty.

**Hon. Mr. Gillespie:** I should like to make just a comment or two, Madam Chairman.

Senator Roblin is absolutely right when he says this bill is seeking extraordinary powers. Of course it is. That is the whole purpose of the bill—to seek extraordinary powers in an exceptional circumstance, the exceptional circumstance being a national emergency, an emergency which affects the national security of this country, which affects the economic stability of this country, which affects the national interest and the welfare of this country; obviously an emergency which goes to the very roots of our existence as a Confederation. So there is no question but that the powers are extraordinary.

As to the question of the delegation, a few moments ago Senator Roblin and I were exchanging views which respect to electrical energy and whether the powers of this bill should be widened to include, on a unilateral basis, the ability of the federal government to intervene or intercede with respect to the allocation of electrical energy. I told him that no, we were not going that way, that we were seeking the agreement of the provinces and indeed giving the provinces a veto right with respect to that.

We are anxious to work with the provinces in the administration of this measure. One of the very important aspects of this power of delegation is that it would enable the Energy Supplies Allocation Board to work with the provinces in a more direct way. It would provide, for example, the power to delegate to provincial officials certain powers relating to the allotment of ration coupons and to the administration of special gasoline entitlements. I should think that would be an important power to have—to delegate to the provinces, in the joint interest but primarily in the national interest, some of these powers. That is why that particular provision has been put in.

**Senator Forsey:** Why not say so specifically? Why not list some of the people you propose to delegate powers to and list the powers?

It is the comprehensiveness of this thing. You could pick out anybody in the whole country, from the taxicab driver to the President of the Royal Bank of Canada, and make him a sort of czar under this provision. Surely this is not something Parliament should contemplate.

**Senator Roblin:** I would like to reinforce what Senator Forsey has said on this point.

I go back to our original discussion on electricity and remind the minister I was not suggesting to him that he should include electricity in the bill. I was asking him why he had not done so. He has given us his explanation of it, but he does not want to impute to me any suggestion in respect of that matter. I was curious. My curiosity is still unsatisfied on that point.

But Senator Forsey is completely right. If you have a case here for making this power available to provincial governments, why not put it in the bill in the proper way. When governments, as they always do, it seems to me, ask for more power than they really need, they can expect people to complain about it. That is exactly what we are doing now. They are asking for more power than they really need, and they ought not to be granted it.

**Senator Flynn:** There is no doubt that the examples given by the minister as to the application of this clause do not necessarily flow from the text.

There is no doubt that the board could say the chairman is entitled to act alone in all cases. As to the distribution of coupons, it is only an administrative matter. That clause is not needed to deal with that problem. It is not needed at all, because the board will decide where rationing gasoline is required and people will have coupons. Then an arrangement is made with the banks to collect those coupons and burn them, as was done during the last war. I was there. I know what it is like. The powers did not have to be delegated in order to make arrangements with provincial authorities in order to do these things.

This is a possible abdication by the board of all its power to anyone—perhaps the chairman, or anyone else. You could appoint Senator Goldenberg, for instance, czar of rationing in Quebec. Just imagine where that would put us.

**Senator Goldenberg:** What objection would you have?

**Senator Flynn:** You do not even drive.

If the minister would candidly tell us that he did not expect the clause to go that far, and it is too late for the government to accept that amendment, I think we would vote to let him have the responsibility of a clause that is certainly unwarranted.

**Senator Smith (Colchester):** Madam Chairman, if I may take a moment, there seems to me to be another very substantial objection to this clause, and perhaps the minister can correct me by pointing it out if I have missed it. So far as I can find, there is absolutely no provision in the bill which makes it necessary to identify these persons, whoever they may be, to whom delegation is made under the bill or to determine what powers are delegated to them. So unless it is done in some voluntary way at the time, those of us who are subject to the activities of these delegates will not know who they are or what powers they have, except what they tell us. Surely, assuming the minister is right in everything else, which I do not assume, that is a very serious defect.

● (1240)

**Senator Perrault:** Question!

**Hon. Mr. Gillespie:** Senator Smith, I believe we have gone over some of this ground. I indicated that board orders would be subject to the Statutory Instruments Act, section 22, and that this particular clause 9(2) provides that the board may by order delegate. So I would have thought that board orders would therefore have covered the point that you are concerned with.

**Senator Perrault:** Hear, hear.

**Senator Smith (Colchester):** With respect, unless I misunderstand the Statutory Instruments Act, which I quite well may, it does not provide for any particular publicity, except

that which relates to the examination by a committee of Parliament established under that act.

**Senator Forsey:** It is worse than that, Mr. Minister, because not all statutory instruments are required to be published. We have discovered over and over again in the Statutory Instruments Committee that statutory instruments get into our knowledge simply by accident. We inquire of a particular department or agency about something that we have heard about and they say, "Oh, yes, we have got that. Yes. That is a statutory instrument. Yes, you can have it, and, by the way, it is not by any means unique. They have the same kind of thing in X, Y, Z departments." So we say, "Thank you very much. This is most interesting."

Statutory instruments are not necessarily published. Sometimes they are published only when the Governor in Council—I think it is—considers that it is in the public interest that they should be published, and then I think it is in Part II of the *Canada Gazette*. I have forgotten the exact details. But I do know positively that many statutory instruments have come to our knowledge only by accident. They are not necessarily published, and it rests in the discretion of the executive to say in certain instances whether they shall or shall not be published. So I doubt if the reply the minister has made to Senator Smith is necessarily satisfactory.

**Hon. Mr. Gillespie:** Senator Forsey, I am advised that the practical consequence of this is that all such orders are open for access, inspection and copying pursuant to sections 24 and 25 of the Statutory Instruments Act.

**Senator Smith (Colchester):** Would the minister kindly inform me if somebody will compensate me for the expense of travelling from Truro, Nova Scotia, to Ottawa and back again in order to inform myself as to what is in one of those orders? I regard that not only as an unsatisfactory answer but as one which borders on being offensive.

**Senator Forsey:** Furthermore, if they are not published, how is Senator Smith down in Truro going to know that there is something he wants to examine?

**Senator Perrault:** Question!

**Senator McDonald:** Question!

**The Chairman:** All those in favour of the amendment moved by Senator Roblin to clause 9, please stand.

**Senator Phillips:** Are we not going to have an answer from the minister?

**Senator Smith (Colchester):** If the minister is unable to answer the question, we are entitled to know.

**Senator Perrault:** He has already answered all of your questions.

**Senator Smith (Colchester):** The Leader of the Government is really getting quite perturbed, but we are entitled to know the answer to one of the most important things in the democracy. How are we going to find out what we are ordered to do by those who are put in authority to issue the orders? Now, surely, that is a basic right of every citizen of Canada to know, and for the Leader of the Government to pretend that he thinks that that is not important is bordering on the insufferable.

[Senator Smith (Colchester).]

**Senator Grosart:** He is not pretending!

**Senator Smith (Colchester):** But perhaps it is not more insufferable than some of the other things to which we are exposed.

**Senator Perrault:** Honourable senators, I suggest that there is a proper line of questioning, but when the honourable senator stands in his place and suggests that certain remarks of the minister have been offensive, I suggest that the senator's line of questioning itself borders on the offensive and constitutes a type of harassment.

**Senator Smith (Colchester):** Harassment! I am not interested in harassment. I am interested in finding out fundamental information. If the minister and the Leader of the Government in this house want to prevent the disclosure of that information, that is all right with me, because once they have had the chance to disclose it, I then know what to think of them.

**Senator Flynn:** Anyway, I am quite happy to see the Leader of the Government coming to the defence of the minister, but I would suggest to him that, if he continues, pretty soon the minister will say, "I will look after my enemies. Deliver me from my friend!"

**The Chairman:** All those in favour of the amendment please rise. All those against the amendment please rise.

**The Clerk of the Senate:** Yeas 9. Nays 16.

**Senator Smith (Colchester):** Close!

**The Chairman:** The amendment is defeated.

**Senator Roblin:** Madam Chairman, I am not discouraged by that rebuff, because I thought the odds might be against us, but I want to pursue the point. I want to pursue the point as raised by Senator Smith and others here, who have talked about the necessity for information on this matter. I agree with that, because, at the risk of repeating an argument, although I suppose it deserves some repetition, now that we have agreed to keep clause 2 in, we must recognize that we are by this act handing most extraordinary powers to third parties we have never heard of. It might be the provincial government; it might be a lot of other people. I think the least we can do is inform ourselves of what use these unknown third parties will make of the powers that are granted them by this board to make regulations and, in effect, make substantive law in the nation.

I am saying, therefore, that if we insist on having this excessive and unnecessary clause about subdelegation in the bill, the least we can do is order that whatever action is taken under that matter be in the public domain.

I therefore move:

> That Bill C-42 be amended by adding immediately after line 7 on page 5 the following subclause:
>
> "(2.1) An order made under subsection (2) shall be laid before Parliament forthwith upon the making thereof

or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting."

I have a number of copies here which I will hand to the page. I regret that the French translation is not on this sheet, but members will appreciate that the people who have been helping with these amendments have been working very hard to get them all done. I hope that will not be overlooked. The French version is coming.

**The Chairman:** It is moved by Senator Roblin, seconded by Senator Macdonald:

That Bill C-42 be amended by adding immediately after line 7 on page 5 the following subclause:

"(2.1) An order made under subsection (2) shall be laid before Parliament forthwith upon the making thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting."

**Senator Perrault:** Question!

**The Chairman:** Those in favour please rise.

Those against the motion will please rise.

**The Clerk of the Senate:** Yeas 9. Nays 16.

**The Chairman:** I declare the amendment lost. Shall clause 9 carry?

**Senator Grosart:** Madam Chairman, I have a question regarding clause 9(4), the answer to which might be fairly long.

**Senator McDonald:** I move, seconded by Senator Petten, that the chairman do report progress and ask leave to sit again.

**The Chairman:** It is moved by Senator McDonald, seconded by Senator Petten, that the chairman do report progress and ask leave to sit again.

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

Motion agreed to.

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**The Hon. the Speaker:** The sitting of the Senate is resumed.

**Senator Neiman:** Madam Speaker, the committee to which was referred Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, has taken the said bill into consideration, has made some progress thereon, and asks leave to sit again.

**The Hon. the Speaker:** When shall this committee have leave to sit again?

**Senator McDonald:** At the call of the bell at approximately 2.15 p.m.

**The Hon. the Speaker:** It is moved by the Honourable Senator McDonald, seconded by the Honourable Senator Perrault, P.C., that the committee have leave to sit again at the call of the bell at approximately 2.15 p.m. this day.

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

Motion agreed to.

The Senate adjourned during pleasure.

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At 2.25 p.m. the sitting was resumed.

The Senate adjourned during pleasure and was put into Committee of the Whole to further consider Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, the Honourable Senator Neiman, in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Alastair William Gillespie, P.C., Minister of Energy, Mines and Resources and Minister of State for Science and Technology, was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, we shall continue our clause-by-clause study of Bill C-42. We are now on clause 9, and Senator Grosart, I believe, has some questions to put.

**Senator Grosart:** Thank you, Madam Chairman. May I direct a question to the minister arising out of subclauses (4), (5) and (6) of clause 9, which deal with the international obligations we have acquired under the 1974 agreement? Subclause 9(4) requires the board to "study and keep under review all matters relevant to a full understanding of the international petroleum supply situation" and report thereon to the minister.

It seems obvious that what has happened here is that the government—not Parliament, the government—has acquired certain obligations, and one of the purposes—one, not all—of the bill before us is to enable the government to discharge those obligations.

I would ask the minister to give us a review of the circumstances under which these obligations were entered into, and why we have had such a fairly long interval in which we seem to have been completely oblivious or negligent about our obligations. I would also ask the minister to give the committee some indication as to the status, in international law, of this agreement. Is it what is sometimes called a capital "T" treaty? Was it ratified; and, if so, how? Was it at any time assented to or discussed in Parliament?

As honourable senators know, I have on more than one occasion raised this whole question of the so-called prerogative of the Crown to obligate Canada in advance of coming to Parliament for acceptance of the undertaking by some form or other—ratification, or whatever it might be. So, I would ask what our obligations are, and, so as to put my whole question in one package, I would also ask the minister to indicate to the committee the procedure that would be followed if those obligations were suddenly to fall on Canada or the Govern-

ment of Canada. In other words, who would initiate the formal decision that the 7 per cent situation had arisen? How would that become a decision of the International Energy Agency?

I know it is to some extent set out in the treaty, but, as far as I know, that treaty has never been discussed in this house and perhaps never in Parliament. So I would ask the minister to indicate the nature of our obligation, how it might fall on us, and roughly how soon.

He has indicated that we may be at the 5 per cent situation already, so that the point in future time when an obligation might fall on the government—not on Parliament, but on the Government of Canada—would be of interest, certainly to me, and I think to other members of the committee.

**Hon. Mr. Gillespie:** Madam Chairman, I shall try to be brief. There were a number of questions asked by the honourable senator.

Dealing with the obligations, I think I dealt with that this morning when I spoke of the 7 per cent trigger point. When world consumption is reduced by 7 per cent as a result of international shortages or disruptions, the member countries of the international oil sharing arrangement within the International Energy Agency are immediately to put in place a series of demand restraint measures aimed at taking their respective share of the international shortfall based on consumption.

There are other obligations with respect to putting into place or ensuring certain reserves by the early 1980s. I can tell the committee that as far as Canada is concerned, in relation to our obligation respecting reserves, we are fully in line. Indeed, considering the way they are defined, which does leave something to be desired, we are well ahead of any obligations in that regard.

Senator Grosart asked when the treaty was negotiated. It was finally concluded, I am told, on November 18, 1974. Honourable senators will recognize that that date came after the time that the predecessor Energy Supplies Emergency Act was passed by Parliament. The predecessor act was introduced in late 1973 and was finally passed in early 1974.

That treaty was ratified by the Government of Canada, and I believe that it was tabled before Parliament. As to the date of its tabling, it would have to be ascertained.

As to who would initiate the implementation of the treaty obligations, the government would, and it would do so under the authority of this bill.

I believe that covers the questions you put.

**Senator Grosart:** With respect, the question regarding the initiation referred to the initiation of the activation of the agreement within the agency itself. Is it automatic? Is there an arithmetical point at which the 7 per cent trigger is said to be reached? What is the 7 per cent figure based on, and how would it be activated? Could one member country activate it; and, if so, would it be a majority vote of the 20 or so members that would determine whether the treaty, if it is a treaty, is to be activated?

[Senator Grosart.]

**Hon. Mr. Gillespie:** The most likely procedure would be that one country, or a group of countries, would make application to the governing board—which is the senior administrative body of the International Energy Agency—that the emergency oil sharing arrangement be triggered. One country would have the right to initiate such an application to the board. That would be the situation if any one country got into the position where its consumption was to be forcibly reduced because of a lack of supply. Indeed, the arrangement goes a little further than that, in that if a particular region of a country were to have its oil consumption forcibly reduced because of a lack of supply, that would be cause for making an application to trigger the emergency oil sharing arrangement.

So, one can conceive that an application could be made in the relatively near future to the governing board for activation of the arrangement. The governing board would consider the application. I have no doubt that a group of countries would want to try to prevent a single incident from triggering the arrangement. I think you can read that out of the arrangement the other day where we had come to the agreement with respect to the 5 per cent level that, to prevent any unusual or unexpected triggering, the thing will move up gradually. So the governing board would have the final say in determining whether or not the arrangement would be activated, and the various governments would then be called upon to respond.

• (1430)

**Senator Grosart:** As a supplementary, might I ask the minister if he is saying that the effect of this treaty or agreement, whichever it may be—and it may be both—would be that if one member country of the agreement asserted that in one region the 7 per cent point had been reached, Canada could then legally, by certain processes, be obliged to share its petroleum product resources?

**Hon. Mr. Gillespie:** The answer is no, Senator Grosart. What I indicated was that, using the Canadian situation as an example, we would have the right to apply to the governing board and say to the governing board, "We believe now that you should trigger emergency oil sharing arrangements," and, in theory, I believe we could do so. I do not think that that particular plea would get very far, because action has already been taken to ensure a degree of sharing at the 5 per cent level. So I think that would not be a course of action which would be likely to happen. But I was really using that as an example of some other country in a similar position which might well make that request. The final decision would be made by the governing board.

I should point out that when we talk about sharing, we are not obliged under this agreement to share in the sense of exporting oil from Canada to other countries. Our major obligation is with respect to demand restraint; that is, that we ourselves should reduce our demand in this country by 7 per cent.

**Senator Grosart:** Would that be our demand on total usage or merely on imports?

**Hon. Mr. Gillespie:** It would be on total Canadian consumption of petroleum products.

**Senator Roblin:** Could I ask the minister under what legislation the government clothed itself, in the first instance, to honour its obligations under these International Energy Agency arrangements?

**Hon. Mr. Gillespie:** Well, as I noted earlier, the previous act came into effect in early 1974, and constituted the authority until it expired in the middle of 1976. In the interval between 1976 and now, it is quite clear that we did not have the authority that we would need in the event of an emergency. Nor was it anticipated that there would be such a need during that period of time. It is only when it became quite clear that an emergency was not only a strong possibility, but indeed a probability, that the government felt it important to reintroduce this act.

**Senator Roblin:** I can hardly forbear to comment on the apparent insouciance of the government, in respect of their powers to discharge their undertakings in the international arena, that allows them to go for two and a half years without seeking from Parliament the power to carry out the undertakings to which they have set their hand.

Leaving that comment on the record, I want to ask the minister if I understood him clearly to say that our obligations under the International Energy Agency did not involve any call upon our domestic oil production?

**Hon. Mr. Gillespie:** There might be a situation, I suppose, some time in the future where we could get into some very dramatic circumstances—and this has been suggested to me by one of my advisers—in that there might be a possible shortfall of 25 per cent of world demand, in which case we might be called upon. But it is not clear how we would be called upon in such an eventuality. I think the point that should be made is that we have reserve shut-in capacity ourselves which we have been able to use for our own advantage. We regard that as a form of storage, and we feel that that shut-in capacity can be used to qualify for our own obligations with respect to demand restraint, in the sense that we would be reducing world demand through using our own reserves and shut-in capacity.

**Senator Roblin:** That does not deal with the point I am making, because the fact that we have extra capacity available really means that we have more to share rather than less to share. I suggest to the minister that we do have a specific obligation in the International Energy Agency arrangement to share our domestic production, if it should come to that. I will admit that we very much hope it does not come to that, but I think we should be informed as to the status of the situation, and I suggest to him that we are obliged to do that.

In some questioning in one of the Senate committees this point was raised, and it was very clearly expressed to us that that was the fact, that it was conceivable that we would be called upon to share our domestic production with people outside the nation. I leave aside the question as to the desirability of the policy. I merely want to make it clear that that is the situation in which we are involved, and if it has been said that it can hardly be envisaged, well, I hope that is right, but nobody really envisaged the Iranian situation and, having experienced that, it is not difficult now to think that there might be serious problems in that same area among the other major exporting nations. So I merely want the minister to tell us clearly what our responsibilities are.

**Hon. Mr. Gillespie:** Senator Roblin, I mentioned a moment ago that in the event of a shortage of the order of 25 per cent, certain situations might arise. I know I mentioned the figure of 25 per cent, but now I am advised that that should be of the order of 30 per cent. Anyway, a reduction in demand of somewhere between 25 and 30 per cent would be required before we would be under any obligation with respect to the sharing of Canadian production, and I think you will agree that that is a rather drastic situation. But I am acknowledging that at that point there is an obligation with respect to Canadian production.

**Senator Roblin:** Then I take it that the minister's answer is yes.

**Hon. Mr. Gillespie:** I did not hear all the conditions but I think I have answered as directly as I can. I don't know how many different qualifications there were in your question, but I think my answer stands on its own.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried

**The Chairman:** Shall clause 11 carry?

**Some Hon. Senators:** Carried.

**Senator Flynn:** No.

• (1440)

**Senator Phillips:** May I begin, honourable senators, by raising a question concerning the reduction of oil supplies as part of our international agreement? What concerns me is that I know that in the west there is oil and gas and we are exporting it, while in the Atlantic provinces, unfortunately, we do not have those supplies. Where does the 5 per cent reduction come in? Does it apply nationally or does it apply only on the imports?

**Hon. Mr. Gillespie:** I think you could make a case that it could apply to the region which is served by the imports. I mentioned a few moments ago that in the provisions it deals not only with national consumption but with regional consumption, where any particular region—I think I used the words "discrete region"—for energy purposes is involved.

If we were to consider the region east of the Ottawa Valley borderline as a discrete region for energy policy purposes, that region is consuming in the order of 800,000 barrels per day, and is importing about 500,000 barrels per day. Using that particular approach one could say that a 5 per cent reduction would apply to the 800,000 barrels a day rather than to the

whole nation. Our whole national consumption would be in the order of about 1,800,000 barrels a day. I think we could argue effectively, and we would so argue, that the provisions of the treaty, certainly in our case at this time, relate to the 800,000 barrels per day; and 5 per cent of 800,000 barrels a day is 40,000 barrels a day.

**Senator Phillips:** Mr. Minister, you rather adroitly and with a great deal of expertise avoided the most important part of my question. Will the reduction occur in Quebec and in the Atlantic provinces, or, in other words, east of the Ottawa Valley line? Would you please tell me where the reduction will occur?

**Hon. Mr. Gillespie:** I was trying to explain how the 5 per cent undertaking works, and the 7 per cent could be applied on the same basis. But taking the 5 per cent right now, I argue that it applies only to that area which is served east of the Ottawa Valley line. That works out to 40,000 barrels a day. That is the demand restraint which Canada would have to accept under the agreement that it reached some two weeks ago with respect to the 5 per cent level. That should be seen as separate from the treaty obligation of 7 per cent. That was by arrangement and with the mutual consent of all of the parties. But no part of Canada is suffering as a result of that agreement to accept a shortage, a demand restraint of 40,000 barrels per day, because also under the treaty we are in a position to use our reserve shut-in capacity in the west. We can move Canadian oil, which has not been produced and was not intended would be produced; we can use that to look after the east coast, and we have been doing that through a swap arrangement or a series of swap arrangements. Under these swap arrangements eastern refineries have applied to the National Energy Board, saying, "Look, we've got somebody who is prepared to buy 40,000 barrels a day,"—collectively, let us say, in certain parts of the United States; say the Chicago market—"They are prepared to sell us the same amount of oil which they would have taken into the Chicago market. They are prepared to sell us that oil and have it delivered to our refineries on the east coast." The way we have used it up is to use that reserve shut-in capacity.

I can assure you that the concerns you have about eastern Canadians suffering right now, or having to pay, as it were, the treaty cost, are needless. That is not the fact. The fact of the matter is that we have been able to work it so that they are fully looked after.

**Senator Phillips:** I was intrigued by the minister's statement that western oil would be moved to eastern Canada. Again I want to remind him that I think of eastern Canada as being beyond Montreal. How are we to move that oil? We have no pipeline. We have no rail line that can handle it. We have no tanker cars. How will you move that oil there, Mr. Minister?

**Hon. Mr. Gillespie:** That was the point I was trying to make, Senator Phillips. Let us think about the Chicago market for a moment. I was at the Chicago market recently. It is supplied by offshore crude. If you can divert crude that would otherwise go into the Chicago market into Halifax and Saint John and St. Romuald, then you would have crude going into those refineries that would not otherwise go there. You have to ask yourself how you would persuade someone who was going to be using that crude in Chicago to agree to sell it and have it delivered to east coast ports. Well, the answer is: By producing some shut-in capacity in the west and moving it through the interprovincial system to Chicago and supplying their customers in Chicago. That is called a swap arrangement, and that has been going on for the last couple of months, and quite effecively. So we have been able to use that delivery system—both the United States delivery system and our own delivery system—to look after the east coast refineries.



**Senator Phillips:** Earlier this morning the minister indicated to me that he would attempt to provide the export permits granted east of the Ottawa Valley line. I presume that over the noon hour he and his officials obtained that information. Could I now have that, please?

**Hon. Mr. Gillespie:** Senator Phillips, I have been informed that for the calendar year 1978 there were 110 licences granted for a volume of 27 million barrels.

**Senator Phillips:** I am sorry, I did not catch that. Did you say 127 million barrels?

**Hon. Mr. Gillespie:** I said 27 million barrels. That would include all products, senator.

● (1450)

**Senator Phillips:** I recall the difficulty concerning the Golden Eagle distributors, when they had to initiative court action to guarantee their supplies. How and when did Golden Eagle get permission to export the gasoline and fuel oil at a time when we are supposed to have a shortage?

**Hon. Mr. Gillespie:** The difficulty which the honourable senator is addressing is a serious one, namely, how you approach the licensing system when that licensing system covers a long period of time? For example, licences that are issued in November may not, in fact, be fully discharged until early in the following year. So there are lags, and that tends to complicate the subject in a serious way.

What we have done is to go back and look at the situation referred to, the possibility that the Golden Eagle might have been exporting to the disadvantage of its usual customers. So far we have not been able to determine that Golden Eagle has taken advantage of the situation and, as a result of those actions, placed a burden on its existing customers. The cause of the shortfalls that I mentioned in my remarks this morning were based not so much on exports—and all exports, let it be known, are authorized by the National Energy Board—but on difficulties with the three refineries in the Montreal area.

**Senator Phillips:** I do not wish to pursue this line of questioning *ad infinitum*, but would the minister assure me that he will provide me, within a reasonable amount of time—let us say one week—a list of all the permits, the firms which export, and the countries to which the gasoline oil was exported. If the minister will agree to provide that information within a reasonable period of time—let us say 48 hours—

**Senator Perrault:** Why not 48 minutes?

**Senator Phillips:** —I will discontinue this line of questioning.

**Hon. Mr. Gillespie:** I will be pleased to provide the honourable senator with as much information as I can. I think that I will be able to satisfy him on those points. As I understand it, he wants information on the export of products such as gasoline, middle distillates, heavy fuel oils, from eastern—defined as Atlantic and Quebec—refineries during 1978 under permit from the National Energy Board?

**Senator Phillips:** Yes; and, if I may, the 1979 permits?

**Hon. Mr. Gillespie:** And 1979? I will also include those. I will try to provide the information in such a way that the honourable senator will be able to see what was the authorized permit amount and what was actually shipped against the particular permit, because in many cases there have been incomplete shipments against permits.

**Senator Phillips:** I appreciate the minister's co-operation. I do not want to leave the impression that I have left any restriction on my inquiry. I am asking for the whole gambit of information. Does the minister agree to that?

**Hon. Mr. Gillespie:** I acknowledge the honourable senator's caveat.

**Senator Roblin:** Madam Chairman, I should like to deal with another aspect of clause 11 concerning the procedures laid down for the instruction of Parliament and the Senate in dealing with the approval of the arrangement for the mandatory allocation of supplies.

In subclause 11(4) a built-in guillotine is provided whereby the House of Commons must complete its debate on the matter within three days. In subclause 11(8) we find that if, by chance, Parliament is not sitting at the time the mandatory allocation scheme comes in, it will be summoned within seven days; and after it has met, it has to dispose of the matter in 12 hours, which seems to be even more abrupt.

I notice that in subclause 11(9) the same rules *pari passu* seem to apply to the Senate in respect of how it deals with this matter.

I do not know whether this is going to be a feature of legislation in the future, but I notice that in the proposed referendum bill there is a built-in guillotine clause, and I see that in this bill there is a built-in guillotine clause.

I presume it will be urged that it is necessary because that is the way you have to deal with it when there is an emergency. However, that brushes aside at least two considerations. One is that it shows little apprehension that Parliament will be seized of any feeling of emergency, and perhaps little appreciation of the advantages of debate in these matters; and it certainly ignores the fact that if there is an emergency, we have a procedure already enshrined in the rules of both houses to bring the matter to a vote.

So I submit to the chamber that we do not really need these built-in guillotines in this bill. I would propose to amend this section to remove all of them. Therefore, I now propose:

That Bill C-42 be amended

(a) by striking out subclause 11(4) on page 7 and subclause 11(8) on page 8,

(b) by renumbering the remaining subclauses accordingly, and

(c) by amending, where necessary, all references in the Bill to the renumbered subclauses.

In order to save the time of the committee, and as it deals with precisely the same principle, perhaps, Madam Chairman, you would allow me to combine another resolution to the effect:

That Bill C-42 be amended

(a) by striking out lines 31 to 34 on page 8 and substituting the following:

"day as the first order of the day; or", and

(b) by striking out lines 39 to 42 on page 8 and substituting the following:

"of business."

I appreciate that reading off these particular matters makes it a little difficult to apprehend, but I merely wanted to assure honourable senators that the substance of the two amendments, which have been drafted for me by counsel, are to the effect that we remove (a) the three-day guillotine with respect to the House of Commons, if it should be in session when the bill is in front of it, and (b) removal of the 12-hour guillotine if it is called back to deal with the matter, should it not be sitting at the time it arises; and, thirdly, that the regulations affecting the passage of the bill in the Senate to the same effect also be dealt with. In effect, I am asking the committee to delete all references to the guillotine.

**Hon. Mr. Gillespie:** As the honourable Senator Roblin, I am sure, is fully aware, this matter engaged the attention of the House of Commons, and I placed on the record the government's reasons for these measures. I will not spend a lot of time on this matter, but I would like to make it very clear why we think these measures are essential. The main reason is that we are dealing with an emergency. We are dealing with a sense of urgency, and in an emergency situation.

The board will be involved with very arbitrary powers, as Senator Roblin has already pointed out. It is going to change contractual arrangements in a whole host of ways across the country. It may be discrete in some respects in certain specific regions rather than in others, and therefore there will be more apprehension in certain regions than in others. There will also be the whole question of the priorities that might be involved, and the arrangements that might have to be made with respect to those priorities under the mandatory allocation program. We feel, therefore, that the sense of urgency brings with it a need for security. To put it the other way round, it would be hard to see how an effective allocation program could be brought into effect in an emergency if there were uncertainty. We must, as far as possible, remove uncertainty so that those who have to make decisions quickly—and perhaps thousands, if not tens of thousands, of contractual relationships are going to be disturbed—can operate with a degree of certainty.

• (1500)

With regard to the question of the three days' debate, which is what Senator Roblin is concerned about, surely three days can be regarded as being adequate time for the house to consider the declaration of a national emergency, and that is what they would be considering under this particular provision. Senator Roblin suggests that there are other ways of dealing with this question, and he is, of course, referring to standing order 33, which provides for the motion of closure. He also realizes, I am sure, that that would provide a two-day period, which is shorter, in terms of parliamentary discussion, than the one that is built into the bill. In all probability, if a closure motion were brought in, which, as I said, would result in a two-day debate, it would be on procedural matters rather than on the substance of the declaration itself.

For those reasons, I believe that the provision in question here provides a degree of protection for Parliament. It provides Parliament with the opportunity to debate the issues inherent in, and the substance of, the national emergency itself.

**Senator Roblin:** Well, Madam Chairman, I appreciate the minister's explanation, but I cannot help observing that he was able to sit quietly in his seat for two-and-a-half years without any power of any kind to do these things. He was able to sit in his seat for two-and-a-half years and ignore the fact that we had an international obligation that we could not implement. All of a sudden, we are presented with this thing. I simply repeat my position, which is unchanged. I do not think that the incorporation in a bill of closure of this kind makes for desirable legislation. If you wished to debate closure in the house on the basis of the circumstances at the time, it might be perfectly legitimate to invoke foreclosure in those circumstances; but on this general power that is provided in this bill—and the minister has indicated his own view of how sweeping they are, with which I quite agree—the necessity of debate, in my opinion, is all the more important.

I would say, therefore, that this closure item should not be in the bill. If closure should be necessary for the reasons my friend states, he has his opportunity to have his day in Parliament to debate the matter on the merits at the time, and I think that that is the place to do it.

**Senator Phillips:** Honourable senators, before the Leader of the Government shouts "Question", and closes off the debate, I have a very important issue to raise.

Senator Roblin has already dealt with the provisions limiting the length of debate in the other place, but I very much resent the fact that the government is bringing in legislation to the effect that the Senate can debate the motion for only two days. The government is overriding our rules by legislation. I do not think that is proper. I suppose, however, that a government that has been in office as long as this one has, and is as arrogant as this government has been, is really not concerned with that issue.

I refer now specifically to subclause 11(10), which states:

> An order made under subsection (1) is effective on the day that it is made but if the House of Commons negatives the motion that such an order be concurred in, the order is thereupon revoked.

I have certain quarrels with the word "negatives," but I will not go into that.

Honourable senators, the government has reverted to its old tactic, and is attempting to deprive the Senate of its constitutional authority to negate such a motion. I would like to know from the minister why this clause mentions only the House of Commons. I would point out that though the House of Commons can approve the motion, the Senate has the constitutional right to reject it.

This is very important to the senators opposite, because in a short while we will be changing positions. As Senator Riley mentioned the other day, I am getting tired of this light. After the next election I will be over there.

**Senator Marshall:** You prefer to sit in the dark.

**Senator Phillips:** Senator Marshall, I would never like to be in the same depth of darkness as the honourable senators opposite.

Let me get back to the point. I would like to hear from the minister as to why he, and the cabinet, considered that the Senate should not have their constitutional rights in this case. It is true that we can debate it in two days. You have directed that from on high, with a certain lack of wisdom, but why does the Senate have no say in this motion? We can debate it for two days, in the largesse of the government, in the really generous two days they have given us, and then we are told, in effect, "You shall vote on it at a certain time."

• (1510)

For some reason, nobody recognized that that vote should have had an effect on the motion. I want to hear from the minister. I am prepared to argue this from now until Doomsday, but I would accept a reasonable explanation and, in fact, I would like the honourable minister to rise in his seat and say it was an oversight, and amend it and correct it; and I will have nothing more to say.

**An Hon. Senator:** Hear, hear.

**Hon. Mr. Gillespie:** Senator, you raise an important point. I have looked at the transcript of your remarks yesterday, and it has just been pointed out to me that this is quite clearly an area of some concern, and perhaps of some uncertainty. I have not been able to get the advice of the law officers of the Crown on this issue yet, any more than you have, unless you have been able to reach them. I would submit to you that it is consistent with the bill which both the House of Commons and the Senate received and accepted the last time through. I have been advised that this is no different from the previous bill in this regard.

**Senator Phillips:** I am sorry, I guess my ears are not what they used to be; I have difficulty in hearing the minister. If it is not too much trouble, would he please repeat his answer?

**Hon. Mr. Gillespie:** Well, you asked a question in this chamber yesterday, and it was acknowledged as a good question, and I would also acknowledge it as a good question.

There was reference to the question of whether the law officers of the Crown might be able to provide an answer. I do not know whether they can provide an answer. I have not received an answer. I have not put the question to them. As a matter of fact, this was only drawn to my attention this morning, but I acknowledge that the issue raised is an important one, and we should seek an answer from the law officers of the Crown.

**Senator Phillips:** Normally I am a co-operative chap. Sometimes I have been known to co-operate, with regret and much to my reluctance. However, I find myself making this proposal: Would the minister agree that we should have an opinion from the law officers of the Crown before proceeding with this clause? If he does, I am quite prepared to wait for that opinion.

**Hon. Mr. Gillespie:** Honourable senators, I believe we should proceed with this bill at this time.

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

**Senator Phillips:** I am now prepared to get a little more argumentative than I have been up to this stage. I would ask the minister, who is a minister of the Crown and a member of the cabinet—and I presume this bill met with cabinet approval; perhaps even Senator Perrault was at that cabinet meeting—why the Senate was not included and given its constitutional rights in this clause.

**Hon. Mr. Gillespie:** I do not think I can add very much more to what I have already said. The Senate is provided for in this clause; we have noted that. This is not the first time everyone has seen this bill. This particular bill and this particular provision came before you previously, and I do not recall any difficulties with it at that time. I have nothing more to add.

**Senator Perrault:** Question.

**Senator Denis:** Question.

**The Chairman:** Senator Roblin, I believe that I should deal with your two motions for amendment separately because a renumbering of the paragraphs would be involved if the first amendment were to carry.

It is moved by Senator Roblin and seconded by Senator Macdonald:

That Bill C-42 be amended

(a) by striking out subclause 11(4) on page 7 and subclause 11(8) on page 8,

(b) by renumbering the remaining subclauses accordingly, and

(c) by amending, where necessary, all references in the Bill to the renumbered subclauses.

All those in favour of the motion please rise.

All those against please rise.

**The Clerk of the Senate:** Yeas 10. Nays 20.

**The Chairman:** I declare the motion lost.

It is further moved by Senator Roblin and seconded by Senator Macdonald:

That Bill C-42 be amended

(a) by striking out lines 31 to 34 on page 8 and substituting the following:

"day as the first order of the day; or" and

(b) by striking out lines 39 to 42 on page 8 and substituting the following:

"of business."

All those in favour of the motion please rise.

Those against please rise.

**The Clerk of the Senate:** Yeas 10. Nays 18.

**The Chairman:** I declare the motion lost.

● (1520)

**Senator Phillips:** Honourable senators, I am awfully disappointed, disturbed and annoyed that the minister did not agree to seek the opinion of the officers of the Crown. In my humble opinion, the Senate has the right to negate or negative. Take your pick. The Senate has that constitutional right. In this bill, the government is contravening that right. It is avoiding it.

For that reason I move:

That Bill C-42 be amended by striking out line 45 on page 8 and substituting the following:

"The House of Commons or the Senate negatives the motion."

**Senator Flynn:** Madam Chairman, I wish to say a few words in support of the amendment.

It is quite clear, either by intent or inadvertence, that the Senate is not mentioned in this clause. As I read the clause, it is quite clear that some people would say it is only the House of Commons that has the right to negate the order and, therefore, even if that house were to affirm it and the Senate would negate it, it would remain in force. There is no doubt in my mind about what it means. I do not need the opinion of the law officers of the Crown to draw this conclusion.

I am quite sure that if we were not under the time limit we are, if we were not pressed by the election, and if the majority over there were in a position to vote for the amendment without creating problems for their party, this amendment would be supported. There is no doubt in my mind that they would support it. And yet there is no doubt in my mind that they won't.

In any event, you can take your responsibility. The Senate has been working under these difficult conditions for over a year now, and the conditions are getting worse. If by passing this bill today, as urged by the Leader of the Government, we have an election call pretty soon, then that would be the excuse for honourable senators on the other side for not supporting this amendment.

**Senator Phillips:** Would the minister inform the Senate what action the government would take if the House of Commons were to approve the motion and the Senate were to negate it?

**Senator Langlois:** It would end in a deadlock.

**Senator Phillips:** There is nothing in the bill to provide for that situation.

**Hon. Mr. Gillespie:** Honourable senators, it is a hypothetical question. You will understand my position, that if such an eventuality were to occur, and I cannot believe that it would—

**Senator Flynn:** Not in the near future.

**Hon. Mr. Gillespie:** —if a situation of that kind were likely to happen, I imagine there would be discussions ahead of time.

**Senator Perrault:** Honourable senators are aware, of course, that there are procedures established in negotiating differences between the two houses.

**Senator Flynn:** That is not a reply. That is not an answer.

**Senator Phillips:** The procedures, Senator Perrault, are not incorporated in the bill. If you had read the bill you would know that those procedures are not in the bill.

**Senator Langlois:** There are rules.

**The Chairman:** Will all those in favour please rise?

Will all those who are against please rise?

**The Clerk of the Senate:** Yeas 10. Nays 20.

**The Chairman:** I declare the motion lost.

Shall clause 11 carry?

**Senator Flynn:** I have just a word on this. I am not reflecting upon the vote just taken, because I reflected on it before.

I merely want to say that this awkward situation is not entirely new. Perhaps the minister would be interested in discussing this matter with the law officers of the Crown when he has time. I doubt that he will have the opportunity to bring in a corrective bill in the next session, but perhaps it is for his successor.

I am looking at the War Measures Act. It is, of course, the main pattern for this kind of legislation. It is broader but, in the area this bill tries to cover, it is the same thing. It mentions the order made by the government under the War Measures Act. In subsection 6(4) it states:

> If both Houses of Parliament resolve that the proclamation be revoked, it ceases to have effect—

Therefore, if one of the two houses does not resolve the proclamation, is it not revoked? You have the same problem there, but it is less clear than today. Today the intimation is that the House of Commons alone can revoke. Here there is a lot of doubt as to whether, under the War Measures Act, an order can be revoked by only one house.

**Hon. Mr. Gillespie:** Honourable senator, you are taking me into an area which, as a non-lawyer—

**Senator Flynn:** That was just for your edification.

**Hon. Mr. Gillespie:** —I am not prepared to comment on. But, if I have the opportunity to sit down and discuss these important distinctions with the law officers of the Crown, you may be assured that I will take full advantage of it.

**The Chairman:** Shall clause 11 carry?

[Senator Langlois.]

**Hon. Senators:** Carried.

**Senator Flynn:** On division.

**The Chairman:** Shall clause 12 carry?

**Senator Forsey:** Just a minute. Don't be in quite such a hurry. Madam Chairman, for reasons I have already explained, I should like to move:

> That Bill C-42 be amended by striking out line 27 on page 9 and substituting the following:
>
> If approved by order of the Governor in Council.

• (1530)

It is the point I made earlier when I was talking about subsection 2(2) and the provisions of subsection 12(3) and subsection 13(1). For the comfort of those who want to get on fast with the thing, I may say that if, as is altogether probable, this particular amendment is defeated, I shall, of course, not move the related amendment to clause 13(1) because it will be a work of supererogation to try. I am sorry that the amendment is not in both official languages, Madam Chairman. I am not enough of a draftsman to attempt it in the other language.

**The Chairman:** It is moved by Senator Forsey, seconded by Senator Roblin:

> That Bill C-42 be amended by striking out line 27 on page 9 and substituting the following therefor:
>
> If approved by order of the Governor in Council

All those in favour of the motion please rise. All those against the motion please rise.

**The Clerk of the Senate:** Yeas 8. Nays 18.

**The Chairman:** I declare the motion lost.

Shall clause 12 carry?

**Senator Flynn:** On division.

**The Chairman:** Shall clause 13 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 14 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 15 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 16 carry?

**Senator Roblin:** I object to clause 16. This is the clause that sets out regulatory powers in respect of mandatory allocation of oil under this bill. Members of the committee will have read subparagraphs (*a*) to (*r*), which convey the substance of these powers and which cover a wide range of matters, indeed. My particular objection relates to subparagraph (*s*), which is the basket clause and conveys powers to make regulation on any other topic. Subparagraph (*s*) reads as follows:

> (*s*) respecting such other matters or things, whether or not of a like kind to those referred to in paragraphs (*a*) to (*r*), as the Board considers necessary for the purpose of

carrying out a mandatory allocation program for a controlled product.

In statutes there is sometimes found clauses similar to subparagraph (*s*) to pick up anything previously referred to but not covered in sufficient breadth. That kind of basket clause could, perhaps, be considered; but this one, which provides powers to regulate on other matters, whether or not they are of a like kind to those referred to in paragraphs (*a*) to (*r*), in my view goes far beyond what is necessary and conveys powers the extent to which we cannot imagine.

When one considers that these can be subject to delegation by the board to any other person we can think of in the whole, wide Dominion of Canada—if I can use that old-fashioned phrase—one will see the impact of subparagraph (*s*). It is too broad and is simply unacceptable. I should like to see it struck from the bill, and, to do that, I move:

That Bill C-42 be amended by striking out lines 19 to 25 on page 13 and substituting the following:

"lations are made under this section."

**The Chairman:** It is moved by Senator Roblin, seconded by Senator Macdonald:

That Bill C-42 be amended by striking out lines 19 to 25 on page 13 of the bill and substituting the following therefor:

lations are made under this section.

Is that the amendment?

**Senator Roblin:** Yes, Madam Chairman. It is drafting technique that I am not fully familiar with, but if you read it carefully, the substance of it is that subclause 16(1) paragraph (*s*) is struck from the bill.

**Senator Forsey:** I must point out something on this in support of the motion. This particular subparagraph appears to have been modelled on the similar subparagraph in the Air Canada bill which was before the Senate last session. That subparagraph would have given Air Canada the right to engage in any enterprise under the blue dome of heaven, from running a peanut stand to space exploration. That subparagraph was struck out of the Air Canada bill at the insistence of the Standing Senate Committee on Transport and Communications. It was dropped.

I should like to suggest, as Senator Flynn did a few moments ago that, if we were not under the kind of pressure we are under now, probably a good many people on the other side and to my left would be prepared to vote in favour of this motion for the exact same reasons given in the case of the Air Canada bill.

I have one further observation to add. I am not altogether sure that under this enormous basket clause—a basket taking in most of the universe, in fact—it will not be possible to introduce some measure of wage and price controls. There seems to be no limit to it whatsoever.

**The Chairman:** I apologize, Senator Roblin, but I am still somewhat confused. This simply says "striking out lines 19 to 25."

**Senator Grosart:** It gets rid of the word "and".

**Senator Roblin:** Madam Chairman, if you look at page 13 and take line 19—

**Senator Flynn:** It may be line 20 in the revised bill.

**Senator Langlois:** It is lines 20 to 25.

**Senator Flynn:** That would be true in the French version, so perhaps this is an appropriate time to point out that the amendment might be correct, because it does conform to the French version.

**Senator Roblin:** I am looking at a bill as passed by the House of Commons on March 21, 1979. I am further looking at page 13. The proposal is, as Senator Grosart has stated, to get rid of the word "and" which appears at the end of line 19. The technique adopted is to strike out all of line 19 and also the balance of subparagraph (*s*) and substitute "lations are made under this section."

**Senator Flynn:** It is not necessary that everybody understands.

**Senator Denis:** It is only part of one word.

**Senator Flynn:** Why do you worry?

**The Chairman:** All those in favour of the motion as read please rise.

All those against the motion as read please rise.

**The Clerk of the Senate:** Yeas 8. Nays 16.

**The Chairman:** I declare the motion lost.

• (1540)

Shall clause 16 carry?

**Some Hon. Senators:** On division.

**The Chairman:** Shall clause 17 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 18 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part II, Rationing of Controlled Products. Shall clause 19 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 20 carry?

**Senator Roblin:** Madam Chairman, I have the same objection to clause 20 which I expressed in connection with clause 16. Paragraph (*l*) of clause 20 is another one of these blanket provisions which is just as unsatisfactory as that contained in paragraph (*s*) of subclause 16(1). Without repeating my objections, I would simply move a resolution which would have the effect of deleting paragraph (*l*), as follows:

That Bill C-42 be amended by striking out lines 3 to 9 on page 17 of the bill and substituting the following:

"fied in the regulations."

That is another one of these split words, Madam Chairman.

**The Chairman:** It is moved by Senator Roblin, seconded by Senator Macdonald:

That Bill C-42 be amended by striking out lines 3 to 9 at page 17 and substituting the following:

"fied in the regulations."

All those in favour of the motion please rise.

All those against the motion please rise.

**The Clerk of the Senate:** Yeas 8. Nays 17.

**The Chairman:** I declare the motion lost.

**Senator Forsey:** I wonder if I might ask the minister a question about paragraph (*k*) of clause 20.

Paragraph (*k*) empowers the board to make regulations "notwithstanding any provision of the Bank Act, authorizing and empowering" the banks to do certain things.

I am wondering whether he thinks that is effective by itself or whether it should not include also the word "requiring," because it is difficult to see where in the clause the power would come to require the banks to do anything simply by authorizing and empowering them to do something. I am wondering whether there is not an inadverent omission there.

**Hon. Mr. Gillespie:** Senator Forsey, my understanding is that the banks were fully consulted with respect to this particular provision and the indication is that they are willing to go along with it. We have no reason to believe that additional words would be required.

**Senator Flynn:** I want to put on the record my view that this provision is destined to have the banks operate part of the rationing system by having them burn the coupons. The consumer would stick his coupon to a sheet, and the banks would have the duty to burn those coupons.

During the last war I had occasion to be counsel for the eastern part of Quebec for the Wartime Prices and Trade Board and the other administrative body, and I had the rather sad duty of suing a bank employee who, instead of burning the coupons, was reselling them.

**Senator Perrault:** Recycling them.

**The Chairman:** Shall clause 20 carry?

**Hon. Senators:** Carried.

**The Chairman:** Part III, General and Administration.

Shall clause 21 carry?

**Senator Roblin:** Madam Chairman, I have a question of the minister in connection with paragraph (*a*) of subclause 21(3). Subclause (3) outlines what constitutes a good defence against something which the board has compelled someone to do, and paragraph (*a*) reads:

arising out of a delay or a failure to provide, sell or offer for sale or exchange any product—

But there is another part of the transaction that might be included here, and that is to take. For example, it is easily conceivable that there might be some regulation of the board which prevents someone from taking a product that they were under contract to take, and this should be a transaction that ought to be included under subclause 21(3)(*a*) in order to make sure that all aspects of the matter are covered.

I am wondering whether the minister has run across this point.

**Hon. Mr. Gillespie:** Senator Roblin, I have consulted my legal adviser on this, and he tells me that it is the view of the drafters of the bill that this subclause should be sufficient as it stands. If you would like to put forward a further view, I would be pleased to consider it.

**Senator Roblin:** I will not have to administer the act, so I am not going to worry about it any more. All I can say is that you have been warned.

**The Chairman:** Shall clause 21 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 22 carry?

**Senator Roblin:** Madam Chairman, this is one of the most unsatisfactory clauses in what is generally a rather unsatisfactory bill. It provides, as honourable senators know, for a special tribunal that the Governor in Council may provide for. The job of this tribunal will be to hear and determine complaints of deprivation of property occasioned by any regulation under this proposed act.

I entirely approve of a special tribunal to deal with problems that arise. My regret, however, is that this one is so limited in almost all its particulars. First of all, it is not mandatory. The minister may say that the government is going to do it, but I would feel very much better if it read "shall" rather than "may." I intend to propose that it be amended to read "shall."

In view of the tremendous powers that we have discussed today and the enormous scope of regulation-making and subdelegation and the overriding of statutes, and all these other things that we have been worrying about today, the fact that the special tribunal is not a mandatory one strikes me as being incongruous. It ought to read "shall," and if it cannot read that way by amendment, I would certainly appreciate the minister's assurance that in fact such a tribunal will be set up.

Even if he does tell me that he is going to do it, that will help only to a certain extent. I find it extraordinary that the scope of this tribunal is so limited. It speaks of the hearing and determination of complaints of deprivation of property. I don't know what "hearing and determination" happens to mean in this connection. Does it mean that awards can be given if some right of property has been trespassed upon? If that is the case, I certainly think we ought to instruct this tribunal that the awards should be just and equitable in the circumstances.

As we related to this chamber the other day, we cannot be at all satisfied that boards of this nature will grant equity in terms of their relief. We have seen that it is not part of their instruction, and our experience with other boards indicates that you do not always get equity unless you make sure it is included in the law. The lawyers will have a fine time with this if it is not.

I want to see the clause amended to include some consideration for just and equitable treatment in the case of deprivation of property. However, the question of property is surely not the most important consideration when one considers the possible implications of this bill. There are a great many other rights at stake here that one could imagine if one considered that matter at all. I want to see this clause expanded so that not only would such a tribunal deal with the deprivation of property, but other losses and damages suffered as a result of this proposed act.

If we have any concern about equity in this matter, it seems to me we have to give that some serious consideration.

● (1550)

My third point is that I want to see provision for an appeal from this board, and I suggest an appeal to the Trial Division of the Federal Court, will be appropriate in the circumstances.

So the three things I think should be done with clause 22 are these: First of all, I think it should be mandatory. Secondly, in connection with property and other matters, it should clearly compel the board to award compensation that is just and equitable; and thirdly, it should be expanded from matters of property to any rights which may be adversely affected by the operation of the statute. So I move:

That Bill C-42 be amended

(a) by striking out line 1 on page 18 and substituting the following:

"22. (1) The Governor in Council shall make"

(b) by striking out line 10 on page 18 and substituting the following:

"for such deprivation of property or any other losses or damages suffered as a result of the operation of the Act."

(c) by adding immediately after line 10 on page 18 the following subsections:

"(2) The tribunal established pursuant to subsection (1), in determining the amount of compensation referred to in that subsection, shall consider such factors as it deems proper in the circumstances to enable it to make an award of compensation that is just and equitable.

(3) A decision of a tribunal established pursuant to subsection (1) may be appealed to the Federal Court-Trial Division within thirty days of the day upon which the parties receive notice of the decision of the tribunal or within such further time as the tribunal or a member of the tribunal may allow,"

Honourable senators, we have a very poor bill before us, I suggest, and the least we can try to do is to bring to it such measures of equity and justice as reason and common sense would commend to us. If I have failed in all these other amendments that I have been working on this afternoon, I hope this one at least will strike a response in the conscience and in the intelligence of all the members of this house.

**Senator Flynn:** Wishful thinking.

**The Chairman:** Honourable senators, it is moved by Senator Roblin, seconded by Senator Macdonald:

That Bill C-42 be amended

(a) by striking out line 1 on page 18 and substituting the following:

"22. (1) The Governor in Council shall make"

(b) by striking out line 10 on page 18 and substituting the following:

"for such deprivation of property or any other losses or damages suffered as a result of the operation of the Act." and

(c) by adding immediately after line 10 on page 18 the following subsections:

"(2) The tribunal established pursuant to subsection (1), in determining the amount of compensation referred to in that subsection, shall consider such factors as it deems proper in the circumstances to enable it to make an award of compensation that is just and equitable.

(3) A decision of a tribunal established pursuant to subsection (1) may be appealed to the Federal Court-Trial Division within thirty days of the day upon which the parties receive notice of the decision of the tribunal or within such further time as the tribunal or a member of the tribunal may allow,"

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

**Senator Flynn:** Honourable senators, I merely want to mention for the record and for the edification of the minister, because I think he, or preferably his successor, will have to review this legislation, that this section is typical of something that has been botched up. I have been trying to solve the problem of compensation for losses—any kind of losses that may result from the application of the act—by simply providing for the Governor in Council to make regulations to establish a tribunal, the rules of which will follow, and so on and so forth. It does not mention, for instance, the other kind of losses that may result from the fact that a certain contract may be cancelled and that the party to the contract could lose profits, so it is not necessarily deprivation of property but also deprivation of profits.

I want to emphasize that under the War Measures Act, which I think, again, is the mother of this act in some respects, any claim had to be referred to the Exchequer Court of Canada. Of course, it was by the Minister of Justice, which is an element I do not like. But it was to the Exchequer Court of Canada, or to a superior court or county court of the province within which the claim arises, or to a judge of any such court. To me the recourse to the court is very important.

Another thing that should be mentioned in the regulations, and should have been mentioned in the bill, is that the general principles in the Expropriation Act should be followed here. They should be adapted, of course, to the special circumstances of the case. I agree with Senator Roblin that this

clause is entirely unsatisfactory, and it seems to me that the drafters did not have much time to prepare and present this bill. They should have been able to do a better job if the government had thought about it before, and not on the eve of an election and for an election.

**The Chairman:** Will all those in favour of the motion please rise?

Will all those against the motion please rise?

**The Clerk of the Senate:** Yeas 9. Nays 19.

**The Chairman:** I declare the motion lost.

Shall clause 22 carry?

**Some Hon. Senators:** Carried.

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

**The Chairman:** Shall clause 23 carry?

**Some Hon. Senators:** Carried.

**Senator Macdonald:** Honourable senators, I wonder if I might make a few comments on clause 23 and ask the minister if he could give some study to that clause to see if it could not be simplified in some way. Clause 23 says:

> (1) Where, in order to comply with any request in writing from the Minister to develop an implementation plan or arrangement in relation to this Act or with any regulation under this Act, a person would be required to enter into any agreement, arrangement or course of action that might cause him to contravene the *Combines Investigation Act*, such person may apply to the Board for an order exempting him from that Act in respect of that particular agreement, arrangement or course of action.

Then it goes on to state that if such an application is made, the board would consult with the Minister of Consumer and Corporate Affairs in regard to it.

It would seem to me that this is an awkward and cumbersome way of handling that particular situation, and they are putting the onus on the person after requesting the minister to obtain legal advice as to whether or not he was going to contravene any of the provisions of the Combines Investigation Act. It would appear to me that it would be simpler if the board, for example, consulted with the Minister of Consumer and Corporate Affairs prior to making the request to the person for whatever arrangements they wanted to make. In other words, this would shift the onus from the person to the board, and I think it could very easily be done by giving, perhaps, a blanket exemption so that it would not be an offence under the Combines Investigation Act if the person was carrying out a request from the board. Perhaps it could be done in the same way as it is done in Part III under subclause 21(3) where it says:

> Without precluding any other defence available in law, it is a good defence to any action brought in any court for breach of contract—

Arising out of a delay, for example.

> —that the delay or failure was caused solely by compliance with a regulation under this Act—

[Senator Flynn.]

Would the minister perhaps comment on that?

**Hon. Mr. Gillespie:** Honourable senators, I think perhaps the best way of looking at this particular provision is to consider it from the point of view of the petroleum industry and its rights. The board might well make a request to the industry for certain collective action, which would involve a degree of co-operation which the board itself might not be aware of. It would not be the board that would be translating the particular request into action; it would be a member of the industry, or a group of members of the industry acting together.

● (1600)

So given the fact that the board can never fully know what particular measures the industry may wish to take or have to take in order to comply with the board's order, it was felt reasonable to have a provision which would enable a member of the industry to protect his own interest, recognizing the implications of the request, by placing the onus on him to come forward and seek, through an application, an exemption.

**Senator Roblin:** Is the minister telling us that he is going to ask somebody to commit something that is a breach of the law, and then say to that person, "You have to decide whether the law has been breached and ask for some exemption"? I cannot believe that that is what the minister means, but that is what he said.

**Hon. Mr. Gillespie:** I was saying that a request by the minister to the industry to take a particular course of action with respect to co-operating together to supply a particular market, for example, could involve practices on the part of one or more of the companies acting together which could—not necessarily would, but could—put them in a position where they were breaking the law, or where they would fear that they were breaking the law. So to protect them in such a situation, there is this provision.

**Senator Roblin:** What kind of protection is that? The minister comes to this person and says, "I order you to break the law, and if you do not do it, I have sanctions here of $2,000, or whatever it is, if you do not do what you are told to do by us." So the company concerned runs out and does what the minister says. Surely, if the minister wants him to do something which is thought to contravene the statute, the minister, his board or his officials ought to give the clearance in the first place. That is only elementary justice, it seems to me.

**Hon. Mr. Gillespie:** I make the point that it is impossible, in an industry that is as complicated as this, operating in so many different markets, with a number of different products, and a whole series of prescribed priority categories and end uses, for any minister to be able to appreciate all the implications of how the industry would react to give effect to a particular request or order from him. In those circumstances, it is far better to place the onus on those who know the industry, who are aware of the practices, and to provide that degree of protection. That is what this is intended to do.

**Senator Roblin:** Well, I suppose you would say to the burglar that he should go out and find out whether or not he is breaking the law. My honourable friend really seems to be presenting us with an absurd situation. He is saying that the government does not know what the rules are. He is saying, "We are going to ask somebody to do something that might break the rules; but we are going to make that person take the onus of getting some clearance with respect to the matter." It seems to me, in the first place, that the government ought to know what are the rules. They made them, after all. They ought to know what are the rules; and if they ask someone to break those rules, then they should make sure that the clearance is given by the government and that it does not become an onus on the person concerned. The position taken by the minister is completely unsupportable.

**Hon. Mr. Gillespie:** We are not asking them to break the law. We are asking them to implement a mandatory allocation program. There are a number of ways in which the industry is going to be involved in this. Clearly this is for the protection of the individual who is trying to comply with a request or order in an emergency situation. I would emphasize "in an emergency situation" which, with respect, I do not believe the honourable senator understands.

**Senator Roblin:** Well, I am darned sure that it is going to be an emergency situation for the person concerned. If he has broken the law and the Combines Investigation Act comes down on him, he will understand all right that it is an emergency. I think the minister is completely on the wrong course here. If the government asks somebody to do something which it thinks may be unlawful, then it has the onus to make sure that the person is permitted by law to do what is provided for. Suppose—it is a very far-fetched instance, but it is possible, I suppose—that the person who did something unlawful at the minister's request would not get the clearance, because somebody else would not give it to him. There is no guarantee in this statute that anyone would. So I do not know where the minister's logic leads him. I think it does not lead him very far.

**Senator Forsey:** The minister says, Madam Chairman, that they are not going to ask anybody to breach the law. But the subclause clearly says:

> —or course of action that might cause him to contravene the *Combines Investigation Act*—

If you are contravening an act, it seems to me you are breaching it. I haven't looked up *Roget's Thesaurus*, but it seems to me that it amounts to the same thing. Clearly it doesn't say that the minister will order them, but he may order something that may contravene the law. So that particular part of the minister's reply doesn't seem to me to meet the point raised by Senator Roblin.

**Senator Smith (Colchester):** Honourable senators, I have not engaged in any discussion this afternoon because of the time constraints that are upon us, but this is such an outrageous requirement, in my opinion, that I really cannot refrain from making a comment or two. Really this means that the board or the minister, as the case may be, or some of these shadowy characters who may or may not be designated to enforce the law, may require someone to do something which is against the provisions of some law which is mentioned here, or some law which is not mentioned here.

First, the person who is responsible for carrying out that unlawful act, if it is one, has to retain counsel to discover whether or not it is likely to be unlawful. If he is left in doubt about it, then surely the only thing he can do is delay until he can get some reasonably certain advice on it. He then has to go and apply to someone for an order which will exempt him from any action or prosecution which might be taken under the statute which he broke—all this at his expense, all this at great delay. It is inevitable that there would be great delay.

Granting for the moment, as I am quite prepared to do for just this particular part of the discussion, that the onus of protecting himself should be left with the person who breaks the law, why would it not be perfectly simple to deal with the situation as subclause 21(3) deals with the question of contractual obligations, namely, by providing that the person who breaks the law may defend himself on the basis that what he is charged with doing is something that he was required to do by someone who had authority to require him to do it. That at least would avoid the difficulty of delay, the difficulty of not knowing whether or not you are going to break the law, and of trying to find out before you do it.

If you could show that what you did was a necessary action in order to comply with an order given by a person in authority, then you would be safe. Surely that would be a much more expeditious and less costly method of procedure for the person in trouble and would result in far less delay in getting him to do the thing that he was being ordered to do.

**Hon. Mr. Gillespie:** I agree with the honourable senator that his approach would, or could, involve less delay. On the other hand, I think it could also involve much more abuse; indeed, I think it could encourage abuse. If members of the industry were, in effect, given carte blanche, as I understand your proposal to be, they could enter into restrictive agreements of virtually any kind, and then later plead that they were using these restrictive agreements and arrangements to conform to a request by the minister. In those circumstances there could be significant abuses.

● (1610)

What we have done in this particular provision is say, "We recognize that in complying with the request it will be necessary for you to sit down with your competitors from time to time and discuss prices, market shares, quantities that will be shipped to particular markets, and those kinds of questions. We will ask you, when you receive a particular request for implementing a particular measure, to tell us if you feel you are going to involve yourselves in any activity which would be contrary to the Combines Investigation Act." That would be placing some onus, unquestionably, on the individual to decide how much joint action he feels is needed to implement the particular request, and whether or not that joint action would be likely to contravene the Combines Investigation Act. It puts

him on notice to be specific, rather than giving him carte blanche.

**Senator Smith (Colchester):** I think I understand what the minister is saying, but with regret I have to say to him that it does not seem to me to make the situation any better. Also, with respect, I really am not convinced, nor am I even brought anywhere near to the point of being convinced, that there is likely to be any more improper collusion or action under the clause as it stands than would be the case if my suggestion were followed that in the case of a breach of the law it be considered to be a defence if he can show that it was necessarily the result of an order properly given to him by a person with the authority to do so. After all, the burden would be upon him in any such criminal action, if it were one, or in any such action of a quasi-criminal character, to prove his defence. It would not be a case of the reasonable doubt principle in its ordinary application being followed, although, in the final analysis, I suppose if everything were left in a state of doubt that principle would apply; but the moment he is charged and raises the defence that he had to do it, then the burden is on him to prove by a preponderance of evidence that he had to do it in order to comply with a direction from someone who had the authority to give such a direction. I suggest that there is no more possibility of improper collusion under such a system than under the system set out in the clause we are discussing.

**The Chairman:** Shall clause 23 carry?

**Hon. Senators:** Carried.

**Senator Macdonald:** On division.

**The Chairman:** Shall clause 24 carry?

**Senator Roblin:** Madam Chairman, just before we skip over clause 24, I would like to direct the attention of the minister to paragraph (4)(*b*) of this clause, which reads, in part, as follows:

> (*b*) provide for a means whereby any provincial or municipal authorities or natural persons, or any of them—

And so on. Why are we restricting the effect of this provision to natural persons? The import of the wording, I suppose, is to bar unnatural persons, such as corporations, et cetera, from having the right to demand a hearing in respect of this matter. As it seems to me highly improbable that corporations will be concerned in such a matter very directly, I just wonder why it has been found necessary to exclude them in such a direct manner.

**Hon. Mr. Gillespie:** Senator Roblin, the language may be unduly complicated. I will not argue that. You are more familiar with the law than I.

**Senator Roblin:** I interrupt my honourable friend at once to inform him that I am not a member of the learned legal profession.

**Hon. Mr. Gillespie:** In any event, let me say to the honourable senator, if he is concerned with the possibility that corporations could not be represented, that I am told that executives of corporations would be able to appear as natural persons.



**Senator Roblin:** Now I am rather sorry I did not train to be a lawyer when I get answers like that.

**Senator Flynn:** There was a simpler answer. This is a defect in the drafting. That is all.

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 25 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 26 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 27 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 28 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 29 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 30 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 31 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 32 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 33 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 34 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title of the bill carry?

**Senator Smith (Colchester):** Madam Chairman, I just wish to intervene briefly in order to give the minister an opportunity which I know he would like to have. This morning I asked him a question with reference to the equivalency in barrels of oil per day of the electrical capacity of the proposed Fundy power project. He was good enough to get the answer, and I know he has it with him. Just before we carry the title, therefore, I would be glad if he would take the opportunity to put it on the record.

**Hon. Mr. Gillespie:** Honourable senators, I was asked by Senator Smith what the oil displacement is of the projected electricity output of the Fundy tidal project. The answer I have for you, Senator Smith, is that the project capacity is approximately 1,100 megawatts. The electrical output would be approximately 3.4 billion kilowatt hours a year. The oil displacement, or oil equivalent, for this output would be approximately 3 million barrels of oil a year, or, on a daily basis, 8,200 barrels.

Perhaps, while I am on my feet, Madam Chairman, I can take this opportunity of expressing my gratitude to honourable senators for their courtesy in receiving me here today, and also for their perceptive questioning and very helpful remarks. The experience I have enjoyed—and I use the word advisedly—is one that I shall long remember. It is my first appearance before the Senate, of course, and the experience is one that I will certainly recommend to my colleagues for both the reasons I have mentioned, namely, the way I was received, and the expertise which was directed and devoted to the provisions of this bill. Thank you again for receiving me under these auspices.

● (1620)

**Senator Flynn:** I would merely say that it was also a pleasure for us to have the minister here and to test him and his experts in their knowledge. If it had not been for the circumstances, he might have had to come back another day. However, on the whole, if we did not convince the majority in this house to improve that bill, what was said here may be useful to the minister, or at least to his department, in reviewing the legislation, and possibly some improvements may be made during the next Parliament. It may be that another government will have that responsibility, but I hope that the record will be useful to the minister's officials.

**Senator Perrault:** I too join in the thanks extended to the minister for meeting with us today and for being such a co-operative witness. At the same time, I know that some of the proposals which have been advanced in the form of amendments by honourable senators have at least a kernel of merit—

**Senator Roblin:** Don't go too far now.

**Senator Perrault:** —and will be considered by the minister. No piece of legislation is ever perfect. It can always be improved, and it may well be that some of the suggestions which have been advanced by certain honourable senators here today will show in subsequent amendments which may come to us over a period of time.

I thank the minister once again for being with us.

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

**Senator Riley:** I wonder if there are any directorates in any of the government departments for deprogramming a senator who appears today to have joined a new and strange cult.

**The Chairman:** Shall the title carry?

**Hon. Senators:** Carried.

**Senator Flynn:** Without amendment—surprise!

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**The Hon. the Speaker:** The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

**Senator Neiman:** Madam Speaker, the Committee of the Whole, to which was referred Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, has taken the bill into consideration and has directed me to report the same without amendment.

THIRD READING

**Senator McDonald:** Honourable senators, with leave, I move third reading now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed, on division.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that she had received the following communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 23, 1979

Madam,

I have the honour to inform you that the Honourable Yves Pratte, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of March, at 4.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

**Senator Langlois:** Honourable senators, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell at 4.40 this afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

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At 5.15 p.m. the sitting was resumed.

## BUSINESS OF THE SENATE

**Senator Perrault:** Honourable senators, may I make a brief statement?

As honourable senators know, it was planned that royal assent be given to the bill we have been discussing in Committee of the Whole this day and the bill to which we have accorded third reading. In the other place, as we have been informed, the quorum was lost a few minutes ago. As a result, there are no members of the other place to assist in the process of royal assent.

It is a rather unusual occurrence, as honourable senators are aware, but, in any case, it is not possible to have royal assent to what is regarded by the government as an important measure.

The delay in reassembling was occasioned by discussions with representatives of the other place about the time that royal assent might be scheduled. That, of course, must take place at some time next week. It is proposed, therefore, that the Senate meet on Monday evening. We have been informed that there will be legislation for introduction in the Senate at that time. Perhaps at some time during the course of Monday evening royal assent might proceed as it would have under normal circumstances.

**Senator Flynn:** Honourable senators, I do not criticize the government leader for what has happened, but I think he recognizes that this puts us in an ironic situation, after being forced to deal with this bill in the last two days at high speed because of the undertaking we gave that we would do everything possible to have royal assent today to enable the Prime Minister to call an election tomorrow or before Monday, if he wished.

I do not know whose fault it is in the other place. I think it is the fault of the whole of the House of Commons, and the government must certainly share a lot in the responsibility for the situation. I do not know why we should come back on Monday night instead of on Tuesday, which is our usual day of sitting. I appreciate that there may be some legislation coming, but the leader has not told us whether any has been passed this afternoon. I understand that Bill C-38 has not been passed. In any event, Bill C-38 is not of an urgent nature, because it is already in force. Even if it were left pending for a few days, it would really make no difference.

In order to get even with the House of Commons, I would suggest that we come back on Tuesday evening—

**Senator Connolly (Ottawa West):** Thursday.

**Senator Flynn:** Thursday, perhaps. I will accept an amendment by Senator Connolly.

● (1720)

If the Leader of the Government tells me that if we come back on Monday evening, and royal assent is given to this legislation, Parliament will be dissolved that evening or the next day, I will agree with him. Without that assurance, I think it is unreasonable to ask us to come back on Monday evening.

**Senator Perrault:** Honourable senators, I want to add, on behalf of the government, that the co-operation of the official opposition during the past week, and especially during the last two days, has been very much appreciated. The opposition has conducted itself in the best parliamentary form and spirit, and we appreciate that very much.

I apologize for those members of the government in the other place who share some responsibility and blame for failing to maintain a quorum at an important time in the history of the Parliament of Canada. Of course, the blame must be shared by members of other parties also.

I can only reiterate what I said. We have been given assurances in the past hour that a bill will be ready for introduction in the Senate on Monday evening. I am asking the Senate to support the motion to adjourn until Monday evening.

**Senator Marshall:** I understand this is the first time this ever happened in Canadian history. It should be noted that it happened on the anniversary of the summons to the Senate of Senators Anderson, Bird, Guay, Haidasz, Lewis, Roblin and myself.

**Senator Grosart:** Honourable senators for the record, I suggest that attention be called to the fact that there is considerably more than a quorum in the Senate at this time, and has been all day. I think it should also be recorded that this has been a colossal piece of government bungling. There is no question about that. Not only was there nobody at the door of the House of Commons to answer the summons of the Black Rod, but the Deputy of the Governor General was kept waiting, so I feel it should not just pass as a joke or a funny happening; it is a colossal piece of bungling.

**Senator Lamontagne:** Do not get too partisan.

**Senator Grosart:** I am not being partisan. I am speaking of the privileges of this house, and respect for the Parliament of Canada. We were told that it was of utmost urgency that this particular bill be assented to. The minister was here for most of the day, and he insisted on the importance of this measure and said it was of absolute urgency that it be passed. For that reason, this chamber deliberately undertook not to give this bill the kind of consideration that it should have had. We, on this side, had many more amendments to move but, deliberately, we decided not to move all of them in order that royal assent might be given to this bill this afternoon.

I say it is bungling, it is a disgrace, and the entire responsibility rests with the government who, themselves, were impressing upon us the urgency associated with the passing of this bill. It was up to the government to ensure there was a quorum in the other place. It is not the responsibility of the opposition to make sure there is a quorum to meet the requirements of the government.

My leader, in his remarks this evening, has been unusually gentle. It is not very often that we on this side feel he

understates a case, but he may have in these circumstances. I am not saying he did.

I have made these remarks because I feel it is important that they be made. This is not an ordinary happening, and I urge the Leader of the Government to think twice before he again asks us to accommodate the government—and it was an accommodation of the government in this case, as we have been accommodating the government for a period of several weeks now. I hope he will not pressure us too soon with the same excuses, and the same reasons why we should not do our full duty in this house.

**Senator Forsey:** Honourable senators, I should like to add to what Senator Grosart has said, that this proceeding, or lack of proceeding, is also a discourtesy, a gross discourtesy, to the representive of the Crown in this instance.

**Senator Argue:** Honourable senators, I too want to add my objection to what has taken place. I would point out that the quorum in the House of Commons is 20 out of a membership of 265, and they were not able to maintain that quorum this afternoon. Our quorum is 15 out of a much smaller membership, and while at times it is not easy to maintain a quorum in this house, we certainly do a much better job than they do in the other place.

Those members of the House of Commons who speak of reform of the Senate might consider reform in the operation of their own house so that this kind of accident—something which, as Senator Marshall has said, is a first in the history of this country—should not happen again in the future. Also, as Senator Forsey said, on this occasion it involved an insult to the Crown.

I am told that when it was drawn to the attention of the Speaker of the House of Commons that there was not a quorum, there were 17 members present, and that this occurred during private members' hour. I do not know what the rules of the other place are, but I am told that when a bill or a motion in the name of a private member comes before that house, and the person in whose name the bill or motion is wishes to have it stand, he can only do so with the unanimous consent of the house or—and this can happen only the one time—it may stand at the request of the government. I am informed that there were three bills or motions—I am not sure which—in the names of Conservative members, and that the government did not request that those items stand. This may have been an error in judgment on the part of the government. The Conservatives in the other place were most disturbed and, as a convenience, their basic attendance disappeared, with the result that Mr. Paproski called the attention of the Speaker to the fact that there was no quorum.

I think that is a fairly accurate description of what happened in the other place this afternoon. No matter which side is to blame, there is no question but that they have been playing games over there. They have all been in the business of playing games recently, and not attending to the work of the House of Commons. I think those who consider themselves authorities in these matters—and even those who consider themselves not so great authorities—and who wish to examine the operations of this house, should also examine the operations of the other place. I am confident that if a fair-minded person were to examine the operations of the two houses, we would come out with much higher marks.

● (1730)

**Senator Smith (Colchester):** Honourable senators, I have no intention of making any remarks, but with reference to the comment of Senator Forsey, and the repetition to some extent thereof by Senator Argue, I would ask the Leader of the Government: Was His Excellency the Governor General or his Deputy present in this building for the purpose of giving royal assent at one time this afternoon?

**Senator Perrault:** It is my understanding the Deputy of His Excellency was either on the way or in the building. However, I am not sure.

**Senator Langlois:** It was Mr. Justice Pratte.

**Senator Flynn:** What about meeting on Tuesday, if we give our consent to second reading of the bill then?

**Senator Perrault:** I can only say that it is the best judgment of those involved with the passage of legislation—whether or not the honourable senator agrees with that judgment—that Monday night at 8 o'clock is the most appropriate time for the Senate to meet next week.

**Senator Flynn:** What worries me is that when you say "those involved" it suggests that somebody else outside of this house is involved, and after what happened this afternoon I do not like to have anyone from the other side involved in our business. It seems to me that on Monday night we are not required to give leave to proceed with any legislation that might—only might—come, and I am prepared to give consent to proceed with second reading on Tuesday. We might be here for nothing on Monday night.

**Senator Perrault:** Honourable senators, I give this commitment that there will be a bill introduced on Monday night in the Senate for debate. There are other measures to come before the Senate next week, and the decision to call the Senate to meet at 8 o'clock on Monday night next, March 26, is a decision taken solely in the Senate.

**Senator Flynn:** Then there is no reason for the government leader to be so stubborn. I agree that we are going to make the decision, but I am trying to have some valid reasons. I know that if somebody else is involved, then it is difficult to deal with the Leader of the Government. He says, "I have been told to do that, so don't question me." If he were to say that he is the only one responsible, then I could argue with him. I am telling him that even if legislation is introduced in the Senate on Monday night, we do not have to consent to second reading—in fact, we can refuse consent to proceed—whereas we are willing to give consent to proceed on Tuesday.

**Senator Perrault:** Honourable senators, I do not really believe there is much merit in imputing motives one way or the other.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Senator Perrault:** Honourable senators, I move, seconded by Senator Langlois, that when the Senate adjourns today it do stand adjourned until Monday next, March 26, 1979, at 8 o'clock in the evening.

**Senator Flynn:** Bulldozer!

**Senator Langlois:** With leave.

**The Hon. the Speaker:** Honourable senators, is leave granted, to move that the Senate will adjourn until Monday evening at 8 o'clock?

**Senator Smith (Colchester):** No.

**The Hon. the Speaker:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), it is moved by Honourable Senator Perrault, P.C., seconded by Honourable Senator Langlois, that when the Senate adjourns today it do stand adjourned until Monday next, March 26, 1979, at 8 o'clock in the evening.

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

**Senator Flynn:** On division.

Motion agreed to, on division.

**Senator Smith (Colchester):** Honourable senators, I think that is poor recompense for the co-operation that has been given the Leader of the Government during the past two days. It is absolutely incredible, after the co-operation he has received, and after the embarrassment that he and the Senate has suffered as a result of what happened in the Commons, that he now resists the very reasonable appeal of the Leader of the Opposition that the adjournment be until Tuesday, as is usual, rather than Monday, especially as there is no particular work before us that requires attention on Monday.

I should think that any sort of ordinary recognition of the circumstances, ordinary reason, would impel the Leader of the Government to agree with the very reasonable request of the Leader of the Opposition.

**Senator Perrault:** Honourable senators, there has been a good deal of lecturing during the past half-hour. I suggest to those spokesmen for the official opposition, who say that the loss of quorum is the total responsibility of the government, that it is just as much the responsibility of members of the loyal opposition. Indeed, it was a member of the opposition who called the attention of the Chair to the fact that a quorum was lacking.

**Senator Grosart:** That was his duty.

**Senator Perrault:** In the other place this has not been Parliament in its finest hour, so I do not think there is much value in recriminations at this stage.

The Senate adjourned until Monday, March 26, at 8 p.m.

# THE SENATE

**Monday, March 26, 1979**

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that she had received the following communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 26, 1979

Madam,

I have the honour to inform you that the Honourable Yves Pratte, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of March, at 8.15 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

**Senator Petten:** Honourable senators, I move that the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General.

**Senator Grosart:** I wonder if I could ask the Acting Leader of the Government if he has any information as to whether the House of Commons is sitting.

Motion agreed to.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Yves Pratte, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Yves Pratte, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada.

An Act to amend the Bank Act and the Quebec Savings Banks Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

● (2030)

## DOCUMENTS TABLED

**Senator Petten** tabled:

Reports of the Administrator under the Anti-Inflation Act, dated March 21, 1979, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Bell Canada, Montreal, Quebec.

2. St. Boniface General Hospital, St. Boniface, Manitoba.

3. Board of Commissioners of Police of the Corporation of the Township of Gloucester, Ottawa, Ontario.

Report on operations under the Regional Development Incentives Act for the month of January 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

## ADJOURNMENT

**Senator Petten:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, March 27, 1979, at 8 o'clock in the evening.

Motion agreed to.

## AERONAUTICS ACT

BILL TO AMEND—FIRST READING

**Senator Petten** presented Bill S-15, to amend the Aeronautics Act.

Bill read first time.

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

**Senator Petten** moved that the bill be placed on the Orders of the Day for second reading on Wednesday, March 28, 1979.

Motion agreed to.

## FOREIGN AFFAIRS

ISRAELI-EGYPTIAN PEACE TREATY—UNITED NATIONS PEACEKEEPING FORCE—QUESTION

**Senator Austin:** Honourable senators, I should like to ask the Acting Leading of the Government whether the government can make a statement of policy with respect to the United Nations Peacekeeping Force that stands between Israel and Egypt. Will the Canadian component of this force return to Canada now that Egypt and Israel have signed a peace treaty?

**Senator Petten:** Honourable senator, I will take that question as notice on behalf of Senator Perrault.

## YOUTHS AND STUDENTS

PROGRAMS IN EFFECT IN 1977-78—QUESTION ON THE ORDER PAPER ANSWERED

Question No. 25—**By Senator Marshall:**

1. What are the names of all youth and student programs which were in effect in the fiscal year 1977-78?
2. What department administered each program?
3. How many people were employed under each program?

*Reply by the Secretary of State of Canada:*

Insofar as the Department of the Secretary of State is concerned:

| Youth and Student Programs in the Fiscal Year 1977-78 | Number of People Employed in Government |
|---|---|
| Youth Hostels Program[1] | 4 |
| Student Community Service Program[1] | 36 |
| Youth Job Corps Program[2] | 2 |
| Open House Canada Program | 12 |
| Canada Student Loan Program | 71 |
| Cultural Enrichment Support Program[3] | 4 |
| Summer Language Bursary Program[4] | 2 |
| Second Language Monitor Program | |
| Official Language Fellowship Program | |
| Travel Bursary Program | |
| Total: | 131 |

*Notes*

1. Conducted as parts of Summer Youth Employment Program co-ordinated by Employment and Immigration Canada.
2. Conducted in co-operation with co-ordinating department. Employment and Immigration.
3. A sub-program of Multiculturalism Program.
4. Sub-programs offered by Language Programs.

**Senator Petten:** I move that the Senate do now adjourn.

**Senator Haidasz:** Honourable senators, I was on my feet intending to move my motion respecting a Joint Committee on Human Rights and Fundamental Freedoms. However, if Her Honour the Speaker has already accepted the acting government leader's motion to adjourn, I will speak to my motion at the next sitting of the Senate.

The Senate adjourned until tomorrow at 8 p.m.

*The Thirtieth Parliament was dissolved by Proclamation of His Excellency the Governor General on March 26, 1979*

**ABBREVIATIONS**

| | | |
|---|---|---|
| 1r, 2r, 3r | = | First, second, third reading |
| amdts | = | amendments |
| com | = | committee |
| div | = | division |
| m | = | motion |
| neg | = | negatived |
| ref | = | referred |
| rep | = | report |
| r.a. | = | royal assent |

**Acts passed during the Session**

**PUBLIC ACTS**


| *Chapter* | | *Bill No.* |
|---|---|---|
| | *Assented to October 18, 1978* | |
| 1 | Postal Services Continuation Act | C-8 |
| | *Assented to October 24, 1978* | |
| 2 | Shipping Continuation Act | C-11 |
| | *Assented to November 20, 1978* | |
| 3 | Old Age Security Act amendment | C-5 |
| | *Assented to November 23, 1978* | |
| 4 | Borrowing Authority Act, 1978-79 | C-7 |
| | *Assented to December 12, 1978* | |
| 5 | Income Tax Act amendment to provide for a child tax credit, and Family Allowances Act, 1973 amendment | C-10 |
| 6 | Appropriation Act No. 3, 1978-79 | C-25 |
| | *Assented to December 22, 1978* | |
| 7 | Unemployment Insurance Act, 1971 amendment | C-14 |
| 8 | An Act to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand | C-33 |
| 9 | Canada Business Corporations Act amendment | S-5 |
| 10 | Criminal Code Act amendment | C-34 |
| | *Assented to March 8, 1979* | |
| 11 | Judges Act amendment, to amend an Act to amend the Judges Act and, to amend certain other Acts in respect of the reconstitution of the courts in New Brunswick, Alberta and Saskatchewan | C-43 |
| 12 | Health Resources Fund Act amendment | C-2 |
| | *Assented to March 15, 1979* | |
| 13 | Government Organization Act, 1979 | C-35 |
| 14 | Northwest Territories Act amendment | C-28 |
| 15 | Shipping Conferences Exemption Act, 1979 | S-6 |

**Acts passed during the Session**—*Concluded*

## PUBLIC ACTS—*Concluded*

| *Chapter* | | *Bill No.* |
|---|---|---|
| | *Assented to March 16, 1979* | |
| 16 | National Housing Act and the Central Mortgage and Housing Corporation Act amendment and to make other related amendments | C-29 |
| | *Assented to March 26, 1979* | |
| 17 | Energy Supplies Emergency Act, 1979 | C-42 |
| 18 | Bank Act and Quebec Savings Banks Act amendment | C-49 |

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| | | |
|---|---|---|
| | *Assented to December 22, 1978* | |
| 19 | J. H. Poitras & Son Ltd., an act to revive | S-8 |

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C-35 Government Organization 1979
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C-49 Bank Act and Quebec Savings Banks

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